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Algeria 6.00 Din. Iran 115 Rials Oman 1.000 Reals
Austria 22 S. Israel NIS. 3.00 Portugal 160 Esc.
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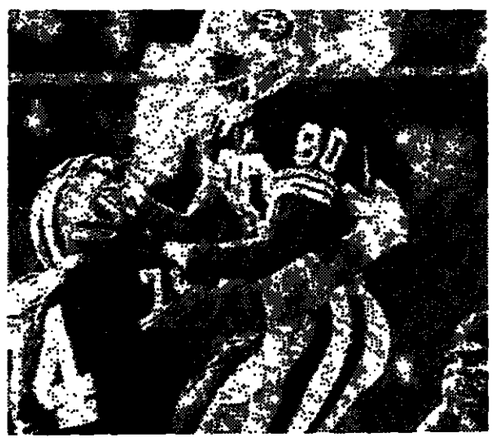
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Arkansas Defeated by UCLA, 17-3

In the Cotton Bowl in Dallas on Monday, Steve Atwater of Arkansas, right, puts his helmet to work as UCLA tailback Danny Thompson juggles a punt reception. In other bowl games, Syracuse beat LSU, Clemson downed Oklahoma and Georgia outlasted Michigan State. Page 11.



Ron Heflin/The Associated Press



49ers Beat Vikings 34-9

San Francisco wide receiver Jerry Rice leaping into the arms of Steve Wallace after catching his third touchdown pass. The 49ers now will play the Bears on Sunday in Chicago in the National Football League playoffs. Page 11.

Eric Risberg/The Associated Press

For Bush, Sports Comes With the Job

By Maureen Dowd
New York Times Service

WASHINGTON — George Bush has taken some time out since the election for such sedentary activities as picking a cabinet and prepsring a plan to govern.

But mostly he has kept up a grueling schedule of shooting, casting, jogging, putting, pitching, lobbing, boating, diving and body surfing.

Bombarded by pictures and articles chronicling the recreational outings of the next president, Americans are learning more at the moment about Mr. Bush's athletic abilities than they are about his political agenda.

"It's not a transition," joked one Bush aide. "It's 'The Wide World of Sports.'"

The next leader of the Western world has, it seems, a floating backhand, an unsteady putting stroke and a basketball shot that often turns into, in the words of his son Marvin, "an ugly air ball." And don't even ask about his second serve.

The sporting life a president chooses often becomes the vivid symbol both of an administration's style and its era.

Teddy Roosevelt hunting and trapping to the cry of "Bully" captured the adventurous spirit of the turn of the century. Dwight Eisenhower playing a mellow round of golf defined the relatively complacent 1950s. John Kennedy sailing, his chestnut-colored hair ruffled by the wind, was a romantic, patrician and vigorous image for the New Frontier. Ronald Reagan smiling on horseback personified the masculine, Western confidence that helped lift America's pride.

Sports have also served as a dark mirror of a president's persona. There was the image of Richard Nixon in a shirt and tie bowling by himself on the lanes in the Executive Office Building.

Mr. Bush has often said that sports helped shape his character and his political outlook.

Consumed by two worlds that revolve around the art of winning and losing, the 64-year-old president-elect applies athletic lessons to political contests and political lessons to athletic contests.

Trying to make a critical point in a recent horseshoes match with the writer George Plimpton, Mr. Bush spurred himself with the memory of his comeback from the despair of the Iowa caucuses. "Remember Iowa!" he called out, as he threw the ringer that won the game.

Marvin Bush predicts that his father will use sports as a source of metaphor and myth the way Mr. Reagan used acting.

"He thinks that competition, whether it's in the political spectrum or athletically, teaches you some pretty good lessons," said the younger Bush, a 31-year-old partner in an

See SPORT, Page 3

For Reagan, the Glitter Will Continue

By Andrew Rosenthal
New York Times Service

PALM SPRINGS, California — His new neighbors will breathe a sigh of relief, his old friends will throw glittering parties and the mashed potato circuit will have a new star attraction.

In less than three weeks, Ronald Reagan will return to private life in California after occupying the White House for eight years. Aides say it will be a bittersweet moment.

Clearly, much will change for Mr. Reagan after George Bush is inaugurated on Jan. 20. But much will be the same, if on a less grand and public scale.

Mr. Reagan appears to be leaving office with his popularity intact — a rare feat. And the 77-year-old outgoing president has no intention of retiring into seclusion.

Mr. Reagan intends to keep visiting his mountaintop Rancho del Cielo near Santa Barbara. He also will continue to visit this glitzy desert oasis for the rich, where he came to celebrate New Year's Eve for the 20th time at the 350-acre (141-hectare) Palm Springs estate of his friend Walter H. Annenberg.

Bob Hope was at the party, along with Secretary of State George P. Shultz and members of Mr. Reagan's "kitchen cabinet" of old friends, including Earle M. Jorgensen, who runs a California steel company bearing his name, and William A. Wilson, the former ambassador to the Vatican.

Mr. and Mrs. Reagan plan busy public schedules, writing books, lecturing and lobbying for their favorite political and social causes.

Their new Los Angeles house is already a stop on tours of the homes of celebrities. The brick ranch-style structure is located in the expensive Bel Air neighborhood on St. Cloud Drive, a winding street lined with high walls and immaculately trimmed hedges.

The Reagans will be leasing the house from about 20 friends who bought it for $2.5 million. Published reports have estimated that the Reagans will be paying $15,000 a month with an option to buy. Those sums do not excite much attention in an enclave of palatial homes where neighbors include Zsa Zsa Gabor and Elizabeth Taylor.

The Reagans do not allow reporters into their home. But real estate listings of the 6,500-square-foot (613-square-meter) house describe a drawing room and library, both with fireplaces, a dining room, a barbecue patio with a heated floor, a kitchen with a walk-in cooler, six bathrooms and a two-bedroom servants' wing above the three-car garage. The heated pool has two cabanas.

The Reagan house is marked by a small black mailbox with the brass numbers "6-6-8." The address was changed at the Reagans' request from 666, since that number is the biblical mark of the devil.

2 Militias Battle in Lebanon

5 Dead in Beirut In Clashes Among Shiite Factions

The Associated Press

BEIRUT — Rival Shiite Moslem militias fought street battles Monday for a third day in Beirut's southern slums and exchanged artillery and mortar fire near the security zone in southern Lebanon declared by Israel, the police said.

Five persons were killed and 21 wounded in southern Beirut, where gunmen of the Amal militia and the fundamentalist Hezbollah attacked each other with grenades and mortar barrages, the police said.

The casualties Monday brought the toll to 15 killed and 40 wounded since a new round of fighting for dominance of Lebanon's one million Shiites began Saturday.

A police spokesman said a "total and comprehensive" cease-fire was called at noon and fighting dwindled to sporadic sniping, but ceasefires in Lebanon's factional wars are frequent, and often brief. This was the sixth since Saturday.

"I think it's just a breathing spell for the combatants," the spokesman said. "They're bound to fight again in the absence of an all-embracing settlement to halt their power struggle."

According to the spokesman, bulldozers were demolishing sandbag barricades and earth mounds set up by both sides along a stretch of the slums abutting the highway to Beirut's airport.

Amal is backed by Syria. Hezbollah, or Party of God, is supported by Iran. Each militia accused the other of starting the clashes.

Several Beirut radio stations said Syria was considering a redeployment of its 4,500 peacekeeping troops in the slums to "improve their performance and prevent further fighting."

It was the first serious fighting between Amal and Hezbollah since November, when the two sides fought for six days in western and southern Beirut. Forty persons were killed and 87 were wounded.

In May, nearly 300 people were killed and 1,000 wounded in a three-week battle between Amal and Hezbollah. It was then that Syria sent its troops into the area, which is comprised mainly of cement shanties.

Police said thousands of panicked residents have been huddled in basements and bomb shelters in the embattled districts of Shiyah,

See LEBANON, Page 2

Asians Seek Regional Solution

By Michael Richardson
International Herald Tribune

SINGAPORE — Asian concern at what is seen as protectionist inclinations in the United States and Europe is leading Western Pacific nations to intensify a search for new regional economic and political cooperation.

Officials and analysts in the area say that while most of these proposals are intended to strengthen multilateral negotiations on free trade, they could also serve as alternative arrangements if the global talks fail.

The most recent round of multilateral negotiations, in Montreal last month under the auspices of GATT, the General Agreement on Tariffs and Trade, failed to make progress because of a deadlock between the United States and Europe over farm trade.

At Tokyo's suggestion, officials from Australia and Japan recently began a study of the U.S.-Canadian free trade agreement and the unified European market planned by the end of 1992. The free trade agreement, which took effect Sun-

Protectionism/ Free Trade

One of an occasional series

day, will phase out almost all tariffs between the two countries over the next 10 years.

Both arrangements are regarded as potentially exclusive by Asian and Australian officials, and many officials have expressed concern about them. The Tokyo-Canberra study will consider the effect on international trade and the economic health of the Western Pacific, officials said.

Prime Minister Bob Hawke of Australia said in October that nations on the western rim of the Pacific might have to form a trading bloc to rival Europe and North America if efforts to liberalize world trade were unsuccessful.

Singapore's prime minister, Lee Kuan Yew, said in November, "It is in the interest of Asia and Australasia to increase our economic relations if for no other reason than to be in a better bargaining position against the Europeans and the Americans."

The same month, economic ministers of ASEAN, the Association of South East Asian Nations, agreed that South Korea should

See TRADE, Page 2



Sadayuki Mikami/The Associated Press

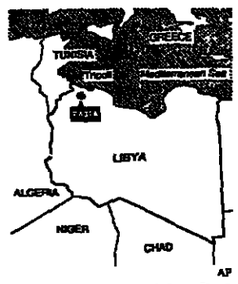
FOR THE EMPEROR — Kenji Muramatsu, 90, bearing flag, leading New Year's well-wishers into the Imperial Palace in Tokyo on Monday to honor Hirohito, who is gravely ill. For many years, Mr. Muramatsu has gone to the palace to present his greetings. This time, visitors signed a register. The imperial family canceled their traditional Jan. 2 appearance for the first time in 21 years.

Kiosk

59 Die on Boat Off Guatemala

GUATEMALA CITY (AP) — A passenger ferry sank off the Caribbean coast while being towed to port, and 59 people drowned and six are missing, authorities and news reports said Monday.

A spokesman at the Puerto Barrios naval base, said the ferry Justo Rufino Barrios II sank Sunday afternoon in Amatique Bay. A reporter at Radio Portena in Puerto Barrios said the ferry ran out of fuel midway on a regular 16-mile (25-kilometer) run from the town of Livingston, across the bay, to Puerto Barrios.



AP

Bonn's first inquiries find no evidence linking a West German company to the disputed chemical plant in Rabta, Libya. Page 3.

General News

Iran struggles with the challenge of waging peace. Page 6.

A West German official said that the bomb on Flight 103 was placed in the 747's forward luggage area. Page 2.

Arts/Leisure

A London needlepoint show is by "the world's greatest master," who says he's got "bloody male courage." Page 9.

Business/Finance

A surprise tax package announced over the weekend sent Swedish stock prices plunging. Page 7.

Superconductor Race Paced by Patent Battles

By Andrew Pollack
New York Times Service

SAN FRANCISCO — Patent battles over a flurry of applications from Japan, the United States and Europe could determine which organization and even which nation controls the rights to high-temperature superconductors, materials that could revolutionize computers and electricity generation.

The superconductors, discovered in the last three years, are still far from being widely used in products.

But patent rights decided now will go far toward determining who can profit from the technology, according to lawyers and executives.

"There's a real strong desire to jump in and see if you can get a dominant position," said Edward J. Mead, manager of superconductivity business development at Du Pont Co.

Superconductors can carry electricity without losing any energy to resistance. While this once required cooling certain metal alloys to temperatures close to absolute zero — about 460 degrees below zero Fahrenheit (minus 273.15 degrees centigrade) — the new materials have shown superconductivity at temperatures as high as 234 degrees below zero Fahrenheit (minus 147.8 centigrade), or 125 degrees on the Kelvin scale, which starts at absolute zero.

Although such temperatures are still very low, achieving them in order to create practical commercial devices is much easier.

The new materials could allow a host of potentially revolutionary advances, like tiny supercomputers that would operate at unheard-of speeds, batteries that would store electric power indefinitely and superconducting magnets that would allow trains to float above their tracks for a speedy yet smooth ride.

But progress in the promising field could be slowed if patent disputes become widespread. Companies and investors could be reluctant to invest in such work, fearing that years of effort would be wasted if a competitor secured a blocking patent.

With the knowledge that quickly determining patent rights could be helpful to the industry, President Ronald Reagan last year asked the U.S. Patent and Trademark Office to allow superconductor patents to be processed on a special fast system.

"There is a feeling, 'Let's don't

See PATENT, Page 8

'Soft' Train in China: Not for Everyone

By Daniel Southerland
Washington Post Service

BEIJING — No. 122 is a "civilized train," insists the plaque hanging above the plastic-covered tables in the dining room. But in this supposedly classless society, it is far more civilized for some passengers than for others.

For the less fortunate who make the grueling, 41-hour trip from Qinghai Province in China's "Wild West" to the capital, Beijing — and that is a majority of passengers — the ride must be braved in what is called the "hard seat" section. The proletarians in this third-class compartment endure the journey herded together on thinly padded wood seats.

The 1,260-mile (2,000-kilometer) trip is slightly less wearing on those in the second-class "hard sleeper" section, where the thin, plastic-covered, cotton mattresses that cover wood beds fail to soften the blows delivered by the rocking train.

But for those who manage to travel in the sole "soft sleeper" car — the Chinese equivalent of first class, with mattresses, lace curtains and green carpeting — the trip is not an ordeal.

The trick is obtaining one of the scarce first-class tickets. That is no easy task, even for those who can pay the equivalent of $32 for a ticket, a month's wages for a factory worker.

Wealth, or position in government or the Communist Party, does not guarantee a ticket. It is who you know that matters, and that goes for all kinds of scarce commodities.

The game is called "backdoor connections" — unauthorized associations with railroad officials, police or other bureaucrats who accept cash or gifts in return for train tickets.

On a recent trip, for example, a young nutritionist, wearing a T-shirt that said in English, "You are always in my dreams, I wonder why," explained that she got her ticket from a friend who works on the train.

Obtaining a ticket in this way avoids the regular ticketing process, which often requires standing in line for as long as two days.

The system, which amounts to petty bribery, reflects a broader problem of corruption that has become pervasive at all levels of Chinese society. It also reflects the Communist Party's growing inability to control scarce commodities, including train tickets.

The problem has become worse

See SOFT, Page 2

On a Harsh Day, a Harshly Treated Poet Is Buried in Moscow

By Bill Keller
New York Times Service

MOSCOW — Yuli M. Daniel was buried and eulogized Monday on a searing cold Moscow day, a prison-camp-cold day, the kind of day, one man at the graveside observed, that Russia seems to reserve for the funerals of its bravest inmates.

Mr. Daniel, who died Friday, was a poet and satirist whose arrest in 1965 for his writing is recalled by much of the Moscow intelligentsia as the awakening of their political consciousness, as a warning that even today's seeming freedoms are fragile, and yet as evidence that even the cruelest state has no conclusive weapon against humor and patience.

"The arrest was a kind of boundary, a time when we understood that the authorities were going to go after those who disagreed with them," said Fazil Iskander, one of this country's most gifted storytellers, who joined other friends Monday night around crowded tables at the apartment of Mr. Daniel's son for toasts, tributes, and recitations from memory of Mr. Daniel's work.

The Soviet state did not take public notice of Mr. Daniel's death, but it paid a kind of indirect tribute.

Friends said that Andrei D. Sinyavsky, the writer who was tried and imprisoned with Mr. Daniel in that landmark case, was given a long-denied visa Sunday to visit the Soviet Union for the first time since he emigrated to France in 1973.

Mr. Daniel, the son of a Jewish novelist and playwright, lived the quiet life of a translator of poetry and schoolteacher, virtually unknown until he grew frustrated with the Soviet censor and smuggled some of his stories to the West. The stories, published under the pseudonym Nikolai Arzhak, were barbed fantasies of a society gone awry.

His best-known story, "This Is Moscow Speaking," opens with an official radio proclamation of "public murder day," on which any citizen will have the right to kill any other citizen, except policemen and public transit workers. The story recounts the reactions of various citizens, none of whom thinks to question the idea on moral grounds.

For Moscow intellectuals, the Sinyavsky-Daniel trial on charges of anti-Soviet propaganda marked the end of the cultural thaw permitted by Nikita S. Khrushchev and the beginning of a time when the state brought criminal charges against works of fiction.

On the eve of the trial, supporters gathered in Red Square for the first spontaneous public demonstration since the start of Stalin's rule in 1924. Letters of protest and petitions from prominent writers poured into the Communist Party.

"It seemed then like we were losing a chance to pull out of a dead end," Mr. Iskander said Monday. "I didn't know him then, but we protested against the closed trial, and against the fact that a man could be arrested for his words."

The trial, which was conducted in 1966 before a selected audience, became a test of courage for Moscow intelligentsia, and cultural figures still measure themselves today by their willingness — or failure — to speak up.

Mr. Daniel served five years in a camp called Dubrovlag in the Mordovia region of Russia, hauling timber, sewing mittens and making net bags for vegetables.

His widow, Irina P. Uvarova, said Monday that since a first heart attack in June, Mr. Daniel had been barely able to read or speak, but she said that he was aware and happy that he seemed to be undergoing an informal rehabilitation.

In July the magazine Ogonyok printed several of his poems, the first of his works published here in 20 years.

This was followed in September by an interview in the weekly Moscow News,

See DISSIDENT, Page 2

Africans Tell Of Torture In Nanjing

By Nicholas D. Kristof
New York Times Service

BEIJING — An African diplomat quoted five African students Monday as saying that they had been tortured by the police in Nanjing after racial unrest there.

The students were quoted by the diplomat as saying that they had been stripped of their clothes and shoes and taken outside in freezing weather where they were beaten and shocked with electric cattle prods. The diplomat, Gobo Bio Mamah, a first secretary of the Embassy of Benin, spoke in a telephone interview.

[A student from Mali said he saw Chinese forces at a guest house Saturday applying electric prods all over the the foreigners' bodies, including their genitals, The Associated Press reported from Beijing. "They put their electric sticks everywhere but mostly on our sexes," said Daouda Diakite, 24, a student at Nanjing University. "Luckily, I succeeded in defending myself."

["They treated us like animals," said another African, a student at the Nanjing Pharmaceutical College. "They used an electric baton on my face."

[A Japanese student at Nanjing University said the police were "brutal" but she said she did not see them use their electric prods. None of the allegations could be independently confirmed.]

Mr. Mamah said the police abused the students while interrogating them about a Dec. 24 brawl in Nanjing between African students and Chinese students and university employees. The fight, which broke out when African students brought Chinese women to a dance, led to attacks on the students by Chinese students and to large demonstrations.

The government has said that one student, a Ghanaian, has been arrested in connection with the brawl, which left 2 Africans and 11 Chinese injured. In addition, officials have said that three other Af-

See CHINA, Page 2

هكذا من الأصل

Germans Confirm Site of 747 Bomb

Washington Post Service

FRANKFURT — Investigators have concluded that the bomb that destroyed Pan Am Flight 103 over Scotland last month and killed 270 persons was placed in the Boeing 747's forward luggage compartment, a West German judicial spokesman said Monday.

That compartment held luggage from both London and Frankfurt. British and West German investigators disagree on whether the bomb was placed on the flight in Britain or Germany, Hubert Harth, spokesman for the Frankfurt state prosecutor, said by telephone.

Investigators examining wreckage have not yet determined what kind of explosive was used or what type of container held the bomb, Mr. Harth said.

Mr. Harth, whose office is heading the West German side of the investigation, said that his information came from Scotland Yard.

Spokesmen for Scotland Yard and for the police investigative team in Lockerbie, Scotland, declined to comment. They said that it was inappropriate to make public statements about an ongoing criminal investigation.

A Pan Am spokesman in Lockerbie declined to reveal how many suitcases were in the forward luggage compartment, or where they came from. That information was provided to the authorities soon after the crash on Dec. 21, the spokesman said.

The flight originated in Frankfurt on a Boeing 727, then switched in London to the Boeing 747 that crashed. Of the 259 victims, 49 were from Frankfurt.

In a separate development, Mr. Harth confirmed a report in the West German magazine Bunte Illustrierte that the plane was carrying four sacks of U.S. military mail and a container of U.S. bank documents that had not been subjected to screening before takeoff.

Pan Am had said that every piece of passenger luggage that went aboard in Frankfurt was scanned there with high-technology devices. Apart from the failure to screen the bank documents and 22 pounds of U.S. military mail, there did not appear to be a particular reason to suspect a link to the bombing.

■ SAS Gets Bomb Threat

Some flights at Stockholm's international airport were delayed on Monday after the Scandinavian Airlines System was alerted to a possible attack on one of its planes.

An airline spokesman said Swedish police had received word of a threat to SAS from Interpol, the international police agency.

"We are taking the threat seriously and security is stringent at all our airports," he said. "But we don't know who has made the threat as the police have not given us all the details."

A security alert was transmitted to about 90 international airports used by SAS, the airline said.

In Lockerbie, investigators on Monday found the Pan Am jet's tail section 15 miles (25 kilometers) from the main crash site.

President Ronald Reagan said Monday the United States had heard nothing from Yasser Arafat, the Palestine Liberation Organization chairman, that would help in tracking the persons responsible.

"If he has anything to tell us," Mr. Reagan said, "I'm sure he'll tell us."

William S. Sessions, the FBI director, said Sunday that Mr. Arafat had "a wealth of information" that could help. *(Reuters, UPI, AP)*



Passengers on an SAS flight in Stockholm identified their personal baggage on Monday after the airline received a bomb threat.

Low Dealings in High Art Again Shake Up France

By Steven Greenhouse
New York Times Service

PARIS — In France's latest art controversy, a French court has ruled that the city of Strasbourg and its Museum of Decorative Arts defrauded a 73-year-old widow in the purchase of a 17th-century canvas, possibly done by Simon Vouet, the official court painter of Louis XIII.

In addition, the museum's chief curator has been indicted for refusing to return the painting, "The Allegory of Force," to the woman.

This scandal follows closely the indictment of Pierre Rosenberg, the chief curator of paintings at the Louvre, for his involvement in the purchase of a work by the 17th-century Spanish artist Bartolome Esteban Murillo. It is charged that Mr. Rosenberg knew or should have known that the painting might have been stolen from another elderly woman.

The painting in Strasbourg was a family heirloom of Marie-Madeleine Falbisaner. In 1986, Mrs. Falbisaner, needing to supplement her meager retirement income, sold the work to the city of Strasbourg, which bought it for its art museum for $55,000. Mrs. Falbisaner said the city and the museum concealed from her their belief that the work was by Vouet.

Art appraisers say that if the image of a towering angel in flowing robes is a Vouet, it would be worth about $350,000. Vouet, who lived from 1590 to 1649, helped introduce the Italian Baroque school to France.

Soon after the sale was completed, both the city and the museum boasted publicly that they had acquired a Vouet. Mrs. Falbisaner filed a lawsuit accusing the museum and city of fraud, and a judge ruled in her favor, ordering them to return the painting to her.

When the museum decided to appeal the ruling and not return the painting at once, the case took a strange twist: A curator at the museum was indicted for "breach of trust" for having failed to give back the painting. The curator, Jean-Daniel Ludmann, insists that he did nothing wrong, maintaining that he is still not certain the painting is a Vouet.

When Mrs. Falbisaner, a member of a respected Strasbourg family, decided to sell the painting, she hired an art expert, Guy Decker, to authenticate the painting that her family had long believed was a Vouet. To her disappointment, the art expert concluded that it was not by Vouet, but was an excellent work of the Vouet school.

In an interview, Richard Lux, Mrs. Falbisaner's lawyer, said that because she wanted the painting to remain in the city, she had asked Mr. Decker to negotiate with Strasbourg and its museum.

On Feb. 5, 1986, Mr. Ludmann, the curator, asked to borrow the picture for a few weeks to examine it in anticipation of its sale. He signed a personal note promising to return it.

About a month later, the painting was taken from Strasbourg to the Louvre in Paris, where it underwent a series of tests, including X-rays.

On March 20, Mr. Ludmann sent Strasbourg officials a report saying tests showed that it was an original and not a copy and that "there were several retouchings by the artist himself." In addition, Mr. Ludmann wrote, "The presence of blue pigment of a lapis-lazuli base allows us to assume the work was commissioned from a very high rank, indeed perhaps royal."

Mr. Ludmann added that although the painting was unsigned, "there is not the least doubt about its attribution." He added that the price was "very reasonable, and even decidedly advantageous, when one considers Vouet's fame."

Mrs. Falbisaner's lawyer, Mr. Lux, said all this showed that Mr. Ludmann was convinced this was a real Vouet.

According to documents submitted to the court, the same day that Mr. Ludmann wrote the report he sent a messenger to Mrs. Falbisaner's home, where her son-in-law signed a contract to sell the painting. According to Mr. Lux, at no point did Mr. Ludmann indicate to the son-in-law that he believed the work was by Vouet.

A few weeks later, Mrs. Falbisaner was surprised by an article in a promotional newspaper published by the city of Strasbourg in which the city boasted that it had just acquired a Vouet.

"The city acted in a scandalous manner," Mr. Lux said. "When she read that article, she felt there had been some trickery."

A Strasbourg court agreed, ruling in the lawsuit brought by Mrs. Falbisaner that the museum and the city had acted fraudulently.

"These schemes sought to surprise the seller" and to make Mrs. Falbisaner's son-in-law "sign a contract that he would not have signed if he knew the same facts as the city."

Mr. Lux asked that the painting be returned at once, but the city refused pending the outcome of its appeal. Strasbourg officials asserted that Mrs. Falbisaner sold the painting while assuming the risk that it could be an authentic Vouet. Strasbourg officials maintain that no one can ever be sure that the unsigned painting is a Vouet.

Mr. Ludmann insists that the city and museum are not guilty of trickery. "To this day, we do not know for sure that it is a Vouet," the curator said in an interview. "The Louvre can never be sure. No one can ever be sure."

Mr. Lux, the lawyer, said that since Mrs. Falbisaner brought her lawsuit, the city, the museum and some curators at the Louvre have backpedaled for convenience, now professing considerable doubts about whether Vouet himself was the painter.

Mr. Lux asked for the indictment of Mr. Ludmann for having failed to return the painting after he had given a personal receipt to Mrs. Falbisaner saying he would return it. A French judge agreed to indict Mr. Ludmann for "breach of trust," that is, for having failed to return a work that had been entrusted to him personally. The painting is now in the Strasbourg museum's possession but is not on display.

"It's not in my power to return the picture," Mr. Ludmann said. "It now belongs to the city of Strasbourg."



Nabil Ismail/Agence Franco-Presse

A Shiite woman and her son carrying bread bought Monday during a lull in the fighting in Beirut.

LEBANON: *Rival Shiite Militias Battle in 2 Areas*

(Continued from Page 1)

Ghobeiri, Haret Hraik and Mesharafiyeh since New Year's Eve.

In southern Lebanon, police said Amal and Hezbollah fighters poured mortar fire and Katyusha rockets on each other's strongholds in Iklim el-Tuffah.

The region stretches from the port of Sidon to the security zone that Israel established in 1985.

A Hezbollah communiqué charged that Amal's forces began a two-pronged assault from strongholds southeast of Sidon on Hezbollah's positions in and around Mount Safi, just north of the security zone.

"With God's help, our fighters stood fast and repulsed the assailants after two hours of heavy fighting," the communiqué said, adding that the attackers then "clamped a siege on the area."

TRADE: *Asians Seek Alternative*

(Continued from Page 1)

hold regular talks with ASEAN as a "sectoral partner."

On a visit to Indonesia, South Korea's foreign minister, Kwang Soo Choi, asserted that East Asia was "too much dependent on the industrialized countries."

Mr. Kwang's deputy, Hong Soon Yong, said it was "time to think about the possibility of getting the region organized into a community."

Growing trade and investment from Japan, South Korea and Taiwan in the six ASEAN countries — Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand — are creating "closer economic integration between Northeast Asia and Southeast Asia," said Nancy Viviani, a specialist on Asian affairs in the department of political science at the Australian National University in Canberra.

Despite wariness about domination by Japan, she said, the trend was toward policy coordination between regional trade partners and "collective political management of regional economic change."

The fact that nations in the western Pacific from Japan to Australia are ready to band together for leverage and, ultimately, economic survival signals a growing regional self-confidence and assertiveness.

"What has become increasingly apparent in the western Pacific region this year," said Phisit Pakkasem, deputy secretary-general of the National Economic and Social Development Board in Thailand, "is its growing self-reliance, its expanding role in the global economy and the sustainability of growth at impressive levels."

Japan and the newly industrialized countries of East Asia — South Korea, Taiwan, Hong Kong and Singapore — accounted for 15 percent of world gross national product in 1987 and 17 percent of global trade.

Trade among Japan, South Korea, Taiwan, Hong Kong and Singapore, the six ASEAN countries and China was $189 billion last year, an increase of 30 percent over 1986, Mr. Phisit said.

Trade between this group of East Asian states and the United States, although still larger at $258 billion in 1987, grew by only 14 percent.

"If these growth rates are sustained," Mr. Phisit added, "intra-regional trade among western Pacific rim economies will surpass the value of their trade with North America by around 1990."

But officials said that East Asia's economic growth continued to rely heavily on export sales to the United States and the European Community.

Prime Minister Lee noted that, until recently, Japan, South Korea, Taiwan, Hong Kong and Singapore were able to export relatively freely to the United States and Europe.

"Today, both the U.S and European markets are less open," he said. "The trends are towards more restrictions."

There are no alternative markets as large as the United States and the EC, Mr. Lee said, so economic growth in East Asia will slow.

Singapore officials said last week that they expected Japan's economy to expand by 4.5 percent in 1989 compared with 5.75 percent this year.

They said economic growth in South Korea, Taiwan, Hong Kong and Singapore would average about 7 percent in 1989, several percentage points lower than in 1988.

But the projected rate of expansion is more than twice the level forecast for Western industrial nations and Japan in the Organization for Economic Cooperation and Development.

Reflecting this economic dynamism and the trade tensions it has triggered with the United States and the EC, the 24-nation OECD is to hold its first meeting with representatives of the East Asian countries early this year.

Western diplomats said last week that the discussions, tentatively scheduled for Paris in the last week of this month, would be informal and would try to bring about a convergence of views on issues such as trade imbalances, structural adjustment and currency exchange rates.

"There needs to be greater dialogue between the OECD and this new powerhouse that is developing in the Pacific region," a diplomat said.

South Korea, Taiwan, Hong Kong, Singapore and Thailand have agreed to attend the talks in Paris on "policy cooperation for the continued growth and development of the world economy."

The United States and the EC have made numerous charges of unfair trade practices against Japan and other East Asian countries in the last few years.

In a report to Congress, the Treasury Department noted that the U.S. trade deficit with South Korea, Taiwan, Hong Kong and Singapore rose tenfold from 1980 to 1987, to reach $34.8 billion. This amounted to nearly a quarter of the total U.S. trade deficit, most of which is with Japan.

CHINA: *Student Claims*

(Continued from Page 1)

ricans have been detained and that as many as eight may be charged.

Mr. Mamah said that a student from Benin, Ludovic Dossoumons, had been sentenced without trial to 15 days in prison for his role.

He said that African embassies had not filed formal protests so far with the authorities, but that he and other African diplomats were seeking permission to visit Nanjing to investigate the charges, and that afterward they might take further action.

The students who were tortured included, in addition to Mr. Dossoumons, another student from Benin and one each from Congo, Gambia, and Ghana, Mr. Mamah said. Officials of the other embassies declined to comment.

The authorities say that no Chinese students will be punished for the attack on the African student dormitory, in which many of student belongings were destroyed.

About 50 African students apparently continue to be held against their will at two locations in Nanjing. Officials will allow them to return to their dormitories, but the students say that they are afraid to go back and want to go to Beijing.

In brief reports, the Chinese press has said that those African students who did return were welcomed back with banquets and parties.

SOFT: *Traveling in China on a 'Civilized Train' - It's Not for Everyone*

(Continued from Page 1)

as more and more people, including an increasing number of tourists, want to ride China's few trains. Trains, the primary long-distance transportation in China, are so crowded that an estimated 700,000 passengers, or nearly 20 percent, of a daily national average of 3.7 million cannot find seats and must stand all the way to their destinations.

On the same train as the nutritionist, three young, unshaven, roguish-looking characters were ensconced at one end of the soft-sleeper section. Smoking and drinking beer through much of the night, they never seemed to sleep. One of these "businessmen" never left his compartment without taking his briefcase along.

Government officials? Clearly not, the other passengers in the compartment decided. The three were gold smugglers, they speculated.

With the biggest gold rush China has ever seen now under way in Qinghai, the scenario was considered the most plausible.

A soft-sleeper ticket provides the relative privacy of a closed four-passenger compartment, one of eight on Train No. 122. Only 32 of the train's 1,400 passengers are permitted into this sanctuary.

This is the only section where the propaganda broadcast speaker, bringing in radio programs, music and party-controlled news, can be turned down or turned off. The other passengers cannot escape it.

A luxury that even first class does not offer, however, is a separate dining room. All passengers eat in the same car, and the food and service are mediocre. But even in the dining car, connections can make a difference.

The high-priced dining room fare features beef, vegetables and fried pork rinds. But many second- and third-class passengers buy the 40-cent special: rice and bits of meat and vegetables served in a plastic foam box.

For passengers who wont pay even that amount, vendors peddle peanuts, tea and bread.

On train No. 122, a high-ranking member of the People's Armed Police showed that some Chinese live much better than others, regardless of what they are paid.

The officer, well-fed but probably not very well-paid, swept into the dining car at lunchtime. Moments before he arrived, a waiter placed a roast chicken, fresh vegetables and two bottles of beer on the table.

China's economic changes have created a growing class of people doing business around the country. Among them are newly rich farmers, few of whom had ventured far from home before. They are now frequent passengers and competitors for hard-sleeper tickets.

Tickets to this section are also hard to come by. They cost almost $19, more than half the soft-sleeper price for the Qinghai-Beijing trip. And, as with first-class tickets, sales are not made on a strictly first-come, first-served basis.

But to someone from the soft-sleeper car, the hard-sleeper passengers, whose bunks are stacked in tiers of three berths each, looked like prisoners. Bombarded by the drone of the compartment's speaker, they had no privacy and little comfort.

After the third-class hard-seat tickets, there is a fourth class. These are the people who sit, squat, or lie on the floor in the hard-seat section. On some trains, they end up huddling in the toilet.

The fifth and final class gives people a ticket only to enter the railroad station's boarding platform at Qinghai and other stops along the way. Braving stiff penalties and relentless scrutiny, this group manages, through stealth or ruse, to gain entry to the hard-seat section of the train.

By the time the fourth- and fifth-class passengers reached Beijing at the end of the trip from Qinghai, they had the shocked look of war refugees.

WORLD BRIEFS

France to Ease Rules for Immigrants

PARIS (Reuters) — France will ease a restrictive law that allowed the authorities to repatriate suspected illegal immigrants without a hearing, the Interior Ministry said Monday. The move followed an anti-racism message from President François Mitterrand at the New Year.

Anti-racist groups welcomed the news, but demanded a better deal for the two million black and North African immigrants in France. The anti-immigrant National Front said that any change in the law would be "contrary to the wishes of the majority of the French people."

Under the law, introduced in 1986, expulsions from France doubled to nearly 16,000 in 1987. Mr. Mitterrand, who called in his message for "immediate revision of legal measures applied to immigrants which were neither fair nor equal," shared power with a conservative government from 1986 to 1988 but secured a Socialist government in June.

Israeli Troops Raze 2 Arab Homes

JERUSALEM (AP) — Soldiers on Monday demolished the homes of two Palestinians suspected of involvement in firebomb attacks and of distributing leaflets that urged resistance to Israeli control of the occupied territories, the military command said.

Four Palestinians were wounded in clashes with Israeli troops in the occupied Gaza Strip, hospital officials said. And Palestinians in Gaza City staged a spontaneous general strike Monday, shutting their businesses and public transportation, to protest the expulsion of 15 Palestinian activists by the Israelis on Sunday.

In Jerusalem, police fired rubber bullets and tear gas to disperse Arab stone-throwers in the city's Arab sector, after a woman and a policeman were injured by rocks, the police said.

Port-au-Prince Mayor Allowed to Go

PORT-AU-PRINCE, Haiti (Reuters) — Franck Romain, a former mayor of this city who has been accused of organizing a massacre in September in which at least 12 church worshipers died, has been allowed to leave the country.

The Information Ministry said that Mr. Romain traveled to the Dominican Republic on Saturday after the government agreed to a Dominican request to allow him safe conduct.

Mr. Romain, suspected to be a leading member of the so-called *Tontons Macoutes*, the paramilitary force that has terrorized Haiti for 25 years, had sought refuge in the Dominican Embassy since September. He is accused of organizing the killing of at least 12 worshipers and the wounding of 70 in the church of a local progressive priest Sept. 11. No formal charges have been brought against him.

Army Lets 100,000 March in Burma

RANGOON, Burma (Reuters) — Huge crowds filled the streets of Rangoon on Monday for the first time since the army took power in September, as people including senior government officials joined a funeral procession for the widow of Aung San, a national hero.

Witnesses said that more than 100,000 people, led by Buddhist monks and marshaled by students, walked in procession behind the coffin of Khin Kyi, who died Dec. 27 at 75. Authorities had authorized the funeral but warned against any attempt to turn it into a political demonstration.

Some students defied the authorities by carrying banners of the National League for Democracy, the biggest opposition party, which is led by Khin Kyi's daughter, Aung San Suu Kyi. The security forces kept a low profile, and the crowds dispersed peacefully after the funeral.

Poland Urged to Open Election Lists

WARSAW (AP) — One hundred professors and other prominent personalities have signed a petition asking the government for open elections to the parliament this year, spokesmen for the group said Monday.

The petition, presented to the government ombudsman's office Dec. 30 and given to Western news agencies, said that any citizen should have the right to run for the Sejm, or parliament, after being nominated by a certain portion of eligible voters.

For example, the group said, signatures by 1 percent of a district's electorate could be sufficient to nominate a candidate. Under Poland's current arrangement, nominations to parliamentary elections are controlled by the Communist Party.

Mercy for Gandhi Killers Is Rejected

NEW DELHI (Reuters) — Death warrants were issued Monday for two Sikhs convicted of the killing of Prime Minister Indira Gandhi in 1984, hours after President Ramaswamy I. Venkataraman turned down a final plea for mercy.

A New Delhi judge issued the warrants against Satwant Singh and Kehar Singh and had them delivered to the warden of the Tihar prison in the capital, indicating that execution — by hanging in India — might be imminent.

Satwant Singh, 24, was one of two bodyguards who fired on Mrs. Gandhi on Oct. 31, 1984. The second killer, Beant Singh, was shot and killed seconds after the assassination but his uncle Kehar Singh, 54, was convicted of conspiracy and sentenced to hang along with Satwant Singh. The killing was in revenge for Mrs. Gandhi ordering an army assault on extremists who had taken over the Golden Temple of Amritsar, Sikhdom's most revered shrine.

For the Record

An explosion at a Soviet chemical plant killed two persons on New Year's Eve, Izvestia said Monday. It said a government commission was investigating the explosion in the town of Shchekino, 220 kilometers (130 miles) south of Moscow. *(Reuters)*

A senior Soviet official arrived in Tehran on Monday for talks on Afghanistan, the Iranian news agency reported. Yuli M. Vorontsov, a first deputy foreign minister who is also Soviet ambassador in Kabul, was scheduled to meet Afghan guerrillas and Iranian officials. *(Reuters)*

Brazilian police charged four persons Monday with criminal negligence in the drowning New Year's Eve of at least 51 passengers on a pleasure boat that capsized off Rio with 149 aboard. An official confirmed that the boat was overloaded. The four charged were the owner of the company that operates the boat, the director of the tourist agency that sold tickets for the cruise and two port officials who had inspected the boat. *(WP)*

TRAVEL UPDATE

Jordan has increased the price of airline tickets bought in the country by 28 percent to offset a drop in the value of the local currency and to deter speculators who were buying tickets inside the country at large discounts compared with prices elsewhere. *(Reuters)*

Iberia Airlines canceled at least 43 flights on Monday and delayed five others for more than 30 minutes, a company spokesman said in Madrid, because of the fourth in a series of 24-hour strikes over collective bargaining disputes by jet mechanics. Two more are set Jan. 5 and 9. *(AP)*

Western visitors to Czechoslovakia will be able to obtain entry visas on the spot at four crossing points as of Jan. 1, the official news agency CTK reported. The four are Rozvadov, on the West German border, and Dolni Dvoriste, Hate and Bratislava, all on the Austrian border. *(Reuters)*

Twenty-eight trapped tourists from Europe, the United States, Australia and Japan were rescued in a remote part of Tibet after an unusual snowstorm, the China Daily said Monday. *(Reuters)*

DISSIDENT: *A Writer Is Buried*

(Continued from Page 1)

and in November by publication in the monthly magazine Yunost of "Atonement," one of the stories for which he was arrested. The story recounts the guilty anguish of a man suspected of having denounced his neighbors under Stalin.

"We read him the letters that came in response to 'Atonement,' and you could see him light up as if a flame had been lit," his widow recounted.

Mr. Daniel's body was delivered Monday in a yellow school bus to Vakhtangovo cemetery, the venerable resting place of other strong-willed nonconformists including the bard Vladimir Vysotsky, the Russian poet Sergei Yesenin, and several of the rebellious 19th century army officers known as the Decembrists.

The coffin was laid on a sled draped in red velvet and pushed to an open place, where about 200 mourners gathered around and many crowded forward to kiss Mr. Daniel's forehead. Then the box was nailed shut and hoisted into a grave already occupied by his father-in-law. Vakhtangovo cemetery is so full that the dead are only admitted if they share a gravesite.

Monday evening, around tables laden with pancakes, roast chicken, and steaming potatoes, writers and artists reminisced about Mr. Daniel and wept and laughed at the recitation of his works.

His widow presided at one table, where Boris Birger, a painter and fellow member of the old dissident circles, recalled Mr. Daniel as a man of strength and patience.

"His main virtue was his ability, which most of us don't have any longer, to listen to a person he didn't agree with," Mr. Birger said.

In a neighboring room, the place of honor went to Mr. Daniel's former wife, Larisa Bogoraz, a gentle and feisty human rights campaigner whose life seems to be measured out in arrests and funerals.

Just two years ago she buried her second husband, Anatoli Marchenko, a noted dissident and chronicler of labor camp life. Mr. Marchenko died in prison on just such a bone-chilling day as Monday.

NATO May Retreat in Face of West German Pressure Against Military Maneuvers

By Robert J. McCartney
Washington Post Service

ERLENSEE, West Germany — Dozens of times on nearly every weekday, the throb of U.S. Army helicopters disturbs the residents of this middle-class town near Frankfurt.

"When a helicopter passes directly overhead, you can't hear enough to have a conversation," Mayor Erich Wörner said recently. "It sounds like the anti-aircraft guns in the last war."

Last autumn, the people of Erlensee decided they had had enough. For the first time in 15 years, residents of the community demonstrated at the U.S. Fliegerhorst airfield on the edge of town.

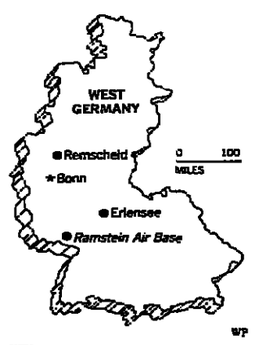
In this community of 10,500, about 1,200 marched Oct. 28 to urge the cancellation of U.S. plans to add more than 20 helicopters to the more than 100 already on base. The protesters also called for a ban on flying between 10 P.M. and 6 A.M. and altogether on West German holidays, and for fewer military maneuvers each year.

The conservative Christian Democratic Party joined the left-of-center Social Democrats in making the demands. A second demonstration on Nov. 26 drew 800.

Local opposition to the airfield "never has been as strong as it is right now," said Mr. Wörner, a Social Democrat who has been mayor for 22 years. He acknowledged that West Germany needed U.S. troops to defend against Soviet tanks. But, he added, "I'd love it if the airfield were somewhere else."

These events are typical of a surge of grass-roots criticism of the presence and activities of U.S. and other Allied military forces in West Germany.

Virtually nobody wants the Allied troops to pack up and go home. But West Germans are calling for sharp cutbacks in low-altitude military training flights, and for curbs on infantry maneuvers and other exercises. Germans are going to court to block basing additional helicopters or jet airplanes at airfields near their homes.



'When a helicopter passes directly overhead, you can't have a conversation. It sounds like the anti-aircraft guns in the last war.'
Erich Wörner, mayor of Erlensee.

Public pressure has grown so strong that NATO is likely to have to trim some training activities this year and accept a lower level of military readiness, according to West German officials and U.S. diplomats.

The shift in sentiment has two principal sources: outrage over a series of military air crashes that killed 75 civilians last year, and the widespread feeling that President Mikhail S. Gorbachev of the Soviet Union is not about to order an invasion of Western Europe.

Hans Vogler, head of the Christian Democratic faction of Erlensee's town council, said: "Mr. Gorbachev and Mr. Reagan are very friendly with each other, and they are disarming. But here it's said we need new helicopters, new forces. My constituents ask me, 'How can this happen?' and, honestly, I have no answer."

Adding to the controversy has been an uproar over whether the U.S., British and French forces here still enjoy too many rights left over from when they occupied Germany after defeating Hitler's forces in World War II. Many Germans are angry that their government, in many cases, lacks legal authority to compel the Allies to curb military training activities in Germany.

The Social Democrats, the main opposition party in Bonn, plan to launch a major initiative in parliament early this year to clarify the Allies' rights under treaties and other postwar agreements.

"There is an extreme sensitivity to any kind of military activity in Germany that somehow smacks of the occupation era," a U.S. diplomat said.

"The Germans feel that they no longer should bear a burden for World War II, that they have demonstrated that they are a democratic country and should be a full participant in international affairs," he said. "That doesn't mean that they want the Americans to leave or the Allies to leave. But support for the alliance sits very uncomfortably with this sensitivity."

The growing irritation also strengthens West German opposition to U.S. calls for the Bonn government to shoulder more of the burden of paying for NATO's defense.

Many U.S. politicians, calling for "burden sharing" within NATO, point out that West Germany's defense spending totals only 3 percent of the nation's gross domestic product. That compares to 5.6 percent in the United States, according to NATO figures.

Given West Germany's huge trade surplus and low inflation, many Americans say, it is only fair that Bonn contribute more to the Western alliance's common defense.

But the West Germans say that they make a unique contribution because they are the host country for the largest, densest concentration of military forces in the West.

West Germany is host to just under 900,000 active-duty military personnel. That includes 495,000 West German forces, 245,000 Americans, and a total of 155,000 from Britain, France, Belgium, the Netherlands and Canada.

That works out to nine soldiers per square mile of West German soil, compared to 0.4 soldiers per square mile in the United States. And the population density in West Germany is 10 times higher.

Many communities are home to nearly as many Americans as Germans. There are 7,500 Americans stationed at Erlensee — more than two-thirds the number of Germans.

The Allies pay nearly $70 million a year in reparations to cover damages caused by maneuvers. West Germany pays $23 million.

But training exercises by combat jet aircraft, particularly flights at low altitude, have aroused the most concern. For many communities in southern Germany, the roar of U.S. warplanes flying as low as 250 feet (76 meters) is a frequent irritation.

Officials at all levels of government have come under intense political pressure recently to seek sharp reductions in such flights, to eliminate both noise and the dangers posed by the risk of crashes.

■ Low Flights to Resume

Low-altitude military flights in West Germany will resume as planned on Tuesday, Reuters reported from Ramstein, West Germany.

A spokesman for the U.S. Air Force at Ramstein Air Base said "normal flight training" would restart following a three-week break called by the Bonn government after a U.S. jet crashed into the town of Remscheid, killing six persons.

U.S. Leaders See Tax Rise As Congress Is Convened

United Press International

WASHINGTON — The 101st Congress convened Monday amid indications that President-elect George Bush may have to drop his opposition to a tax increase in order to cut the U.S. budget deficit.

Both Democratic and Republican congressional leaders said over the weekend that they thought Mr. Bush would be forced eventually to accept new taxes as part of deficit-cutting measures.

But the Senate Republican leader, Bob Dole of Kansas, said Mr. Bush's proposed "flexible freeze" on spending could work. He said he saw no "give" on taxes from the incoming president "at this time."

The Senate and House gathered in their chambers at noon Monday for the ceremonial opening of the 101st Congress, including the swearing-in of all members of the House and one-third of the Senate. Democrats have a 55-45 Senate majority and a 260-175 House edge, meaning Mr. Bush will have to seek bipartisan backing for his legislative agenda.

The House minority leader, Robert H. Michel, Republican of Illinois, said Sunday that Mr. Bush probably would have to accept a tax increase in order to get spending cuts as part of an overall deficit reduction.

The Senate majority leader, George J. Mitchell, Democrat of Maine, hinted at the same thing, suggesting that Mr. Bush, like President Ronald Reagan, may find a way to increase taxes without admitting it.

■ Congressional Agenda

Earlier, Helen Dewar of The Washington Post reported:

The budget deficit and issues including campaign financing, leveraged buyouts among corporations, and the need for better public infrastructure are likely to dominate the congressional agenda. The problems appear so daunting that conflict between the White House and Congress could erupt quickly.

"No one's going to suggest we sulk and pout and refuse to cooperate because of what was in many respects a dirty campaign," said Mr. Mitchell, who was elected in part to give a new edge to Democratic leadership on Capitol Hill.

But there is "some substance to the idea that he doesn't enter with much of a mandate for any particular program" and there is "a determination on the part of Congress to fulfill its role as an equal partner in the operation of our government," he added.

With Democrats pushing for new programs and Mr. Bush opposing the taxes to finance them, there may be "a pleasant atmosphere on the surface, but confrontation will take place rather quickly," said Senator John H. Chafee, Republican of Rhode Island and third-ranking in the Republican leadership.

Mr. Bush, with his top appointments, his assurances of cooperation and his avoidance of early confrontation, has gone a long way to convince apprehensive Democrats that he is someone they can deal with.

In particular, they applaud moves by the secretary of state-designate, James A. Baker 3d, to welcome a congressional role in shaping foreign policy, which was discouraged by the Reagan administration and to shelve any immediate proposals for military aid to the Nicaraguan contras, which was a constant source of friction between Mr. Reagan and Democrats in Congress.

But some Democrats regard the Bush team as more sophisticated in legislative subtlety than Mr. Reagan and potentially more adept at using them as scapegoats for failure.

However, other Democrats may also have ulterior motives in their pledges of fealty to Mr. Bush and deference to his leadership. "Just say we want to make sure he has enough rope," said one.

Still, it may take a while for each side to secure its footing and test the other, raising the prospect of a slow start for Congress.

On Wednesday, Congress meets in joint session to count the electoral votes, the final step in the election of U.S. presidents, before adjourning until after Mr. Bush's inauguration.

At Park, Nature on the Mend

Yellowstone Reclaiming Grandeur From the Ashes

By T. R. Reid
Washington Post Service

YELLOWSTONE NATIONAL PARK, Wyoming — A windblown blanket of gauzy white snow covers the hundreds of thousands of acres that burned here in the Yellowstone firestorm of 1988, the greatest natural disaster in the history of the national parks. But what will Yellowstone look like next spring, when the snow melts away?

In the consensus view of park officials and visiting scientists, the prognosis is excellent.

"The Yellowstone of 1989 is going to be a beautiful wilderness with all the natural wonders people have always wanted to see," said Bob Barbee, the park superintendent. "Old Faithful and the other geysers, the falls, the canyon, the wildlife, the greenery are all very much still here.

"On the other hand, there's going to be a new Yellowstone, too, because 1989 is going to show us nature's awesome power to respond to cataclysmic events."

That rosy outlook conflicts with the view held by much of the American public. "It just staggers me," Mr. Barbee said, "how many letters we get from people saying they wish they had seen Yellowstone while it was still here."

"None of the scientists who've been here use words like 'devastated' or 'moonscape,' the kind of language you heard on the news," said James G. Schmitt, a Montana State University geologist who chairs a consortium of post-fire researchers. "But friends of mine who haven't been here — you talk to them and they think the whole place is just black ash."

The experts here have a direct explanation for the dichotomy between the public and professional assessments. They say — and many journalists agree — that the news media badly blew this story.

"If you were watching CNN last summer, you would see a new wall of flame every day," Mr. Barbee said. "You would have thought that the Old Faithful complex was consumed by fire, when really most of the buildings there weren't even touched." CNN is the acronym for Cable News Network.

Park officials said that they contributed to the exaggerated view of the destruction by putting out daily reports that displayed the outer perimeters of each of the fires as black blobs on the map.

"We understand now that people thought the whole black area had been burned," said Amy Vanderbilt of the park's public information staff. "Actually, wildfire skips around and it only touches part of the area inside the perimeter."

The latest estimates of destruction from the fires that swept through the world's first and most famous national park from June to November last year show that about 25 percent of Yellowstone's 2.2 million acres (886,000 hectares) suffered "canopy burn" — the towering flames high in the treetops that destroy swaths of forest and make for great television pictures.

Another 20 percent of the park experienced meadow, grassland or "surface burn," which destroyed plants and fallen timber on the ground but not the trees. In most cases, burned meadowland will come back green and full of vitality this spring, making it hard for the casual visitor to know that these areas had been hit by the flames.

Visible fire damage is minor at the most popular visitor areas, including the geyser basin where Old Faithful spouts each hour, the park headquarters at Mammoth Hot Springs and the trails near Great Falls of the Yellowstone. Still, tourists will see badly burned areas of forest along the roads to these spots.

Some of the most awesome demonstrations of the power of wildfire took place along the park's busiest thoroughfare, the road that follows the Madison and Firehole rivers from the west gate to Old Faithful. There were major burns near the south gate, which connects Yellowstone to Grand Teton National Park.

Because national parks are supposed to offer an authentic slice of American wilderness, park officials don't plan to tidy up these ruined stretches of charred forest.

"We get aesthetic-type complaints from people who think of a city park, where they pick up anything that falls on the ground," said Stuart Coleman, a park ecologist. But in the park, he said, if there is a fallen burned branch "or an elk carcass, we leave it where nature put it."

One exception to this policy is that a logging company is removing some burned but still standing trees close to busy roads. The only human fatality in the fires came when a fire fighter was hit by a falling lodgepole pine, and park officials want to erase that risk for tourists.

Business leaders in the towns around the park have tempered their anger in the belief that the fires of 1988 will turn into a tourism bonanza in 1989. Mr. Barbee predicts that this year will produce a "banner summer" for tourism in the park as people around the world arrive to observe nature's power of revival.

Park admissions for October 1988, when some fires were still burning, set a record for the month.

"People wanted to see what Yellowstone looked like," Ms. Vanderbilt said, "and the most common comment we heard was how normal it seemed."

"I'm really anxious for the snow to melt and the green shoots to come up," she added, "so that when people come back they'll realize that nature is tough and those fires were just another part of the life force here."


Kirk McCoy/Los Angeles Times
An elk found an abundance of grazing space in Yellowstone.

Bonn Says First Inquiry Finds No Connection to Disputed Libyan Plant

By James M. Markham
New York Times Service

BONN — Chancellor Helmut Kohl's government said Monday that preliminary investigations had uncovered no proof that a West German company had contributed to the construction of an alleged chemical weapons plant in Libya.

Norbert Schäfer, a government spokesman, said that Mr. Kohl had been given only "very vague" information about the Libyan plant by Secretary of State George P. Shultz during a visit to Washington on Nov. 15.

But the spokesman said that investigations in the last few days by two ministries and one prosecutor's office had found nothing to suggest that Imhausen-Chemie GmbH, a pharmaceutical supplier, had violated export restrictions concerning Libya. U.S. officials have said that the southern German concern played a key role in developing a chemical weapons installation south of Tripoli.

Mr. Schäefer said that Mr. Kohl took "very seriously" the U.S. allegations that Libya has achieved a chemical weapons capacity, but the cautious West German response was in keeping with a fairly skeptical reaction to Washington's charges by other allies.

According to senior officials and U.S. diplomats in four capitals, only Prime Minister Margaret Thatcher's government in Britain has broadly accepted U.S. reconnaissance photos and other evidence suggesting that the Libyans have built a chemical weapons facility at Rabta, 65 kilometers (40 miles) south of Tripoli.

Both France and Italy have expressed their doubts about the U.S. assertions. Italy's foreign minister, Giulio Andreotti, has written to Mr. Shultz urging him to take up Colonel Moammar Gadhafi's offer to open the Rabta plant to inspection. Libya maintains that the plant is to be used to make pharmaceuticals.

West German officials insisted that the Reagan administration had not raised the possibility of taking military action against the Rabta installation. But in Paris a senior adviser to President François Mitterrand said the U.S. consultations were open-ended in their intent.

"One can see that the way the Americans are talking is not to exclude military operations," the French adviser said.

The combination of the sabotage of a Pan Am 747 airliner over Scotland and the Reagan administration's diplomatic campaign against Libya has heightened concerns in Western Europe that the U.S. president might be tempted to order a military strike against Libya, as he did in 1986.

The 1986 air raids against Tripoli and Benghazi were ordered after the Reagan administration accused Libya of having orchestrated the bombing of a West Berlin discotheque frequented by U.S. servicemen.

Evidently aware of the parallels between the situation now and then, Mrs. Thatcher cautioned against taking revenge against anyone believed responsible for the bombing of the Pan Am airliner. In a television interview, she expressed concern about the development of chemical weapons but stressed that more than one nation was responsible.

A senior U.S. diplomat recalled that in 1986 Vernon A. Walters, a special U.S. envoy, had made it clear in Western European capitals "that we were in a prebombing mode," that

"As far as I know," the diplomat added, "there's been no discussion of military action."

The diplomat said that allied governments were demanding "information that would permit them to take action" against companies that have enabled Libya to develop its alleged chemical weapons capacity.

At a regular Monday news conference, Mr. Schäefer and other official spokesman acknowledged that a serious investigation of Imhausen-Chemie had only been begun over the Christmas holidays after West German diplomats in Washington had informed Bonn that The New York Times was preparing a story on the company.

Without naming them, Mr. Schäefer said that three German companies were being investigated by various agencies, but another official said privately that five were being scrutinized.

The Imhausen investigations are being conducted by the Economics and Finance ministries and the prosecutor's office in Offenburg, which covers Lahr, where Imhausen-Chemie is located. An Economics Ministry spokesman said that the suspect concern had not applied for relevant export permits.

The company's president, Jürgen Hippenstiel-Imhausen, told a West German radio station that his company was "the object of a smear campaign from U.S. rivals."

Mr. Schäefer said that on Dec. 20 Mr. Kohl had ordered the creation of a commission to study the possible tightening of the country's export laws. The economics minister, Helmut Haussmann, is to give the first report on the commission's findings next Tuesday.

Last week, in what French officials believe was an elaborately orchestrated event, Colonel Gadhafi secured the release of two French girls who had been held hostage in Lebanon by the Abu Nidal terrorist organization. The Libyan leader then issued an appeal to "liberation movements in the Middle East" to free all their hostages, including the girls' mother.

On Saturday night, Colonel Gadhafi gave a live interview to a French television station and strenuously denied involvement with the Pan Am bombing. He called the U.S. accusations that Libya had developed a chemical weapons plant false and symptomatic of a "colonialist mentality."

French officials said that Colonel Gadhafi's outburst of compassion and his press campaign were aimed at deflecting U.S. accusations about the Rabta plant and at deterring another U.S. military strike against his country.

■ Photos 'Not Conclusive'

Warren Getler of the International Herald Tribune reported from London:

A senior U.S. State Department official acknowledged Monday that photographic data provided recently to U.S. allies did not show "conclusively" that a Libyan factory was designed to make chemical weapons.

But the official, who declined to be identified, said the satellite photos were "convincing," and that the United States was "absolutely certain, through a variety of intelligence sources," that the plant "was intended from the very beginning to produce chemical weapons."

The extent to which the Reagan administration is prepared to reveal more details about the plant — whether to allies or to the general public — is an issue "being examined at the highest level of government," the official said.

"This plant has been under construction for five years and nearly every detail of what's gone into it is know to us, including the specific purpose," of the plant's components, he said.

As EC Trade War Nears, U.S. Farmers Are Uneasy

By William Robbins
New York Times Service

KANSAS CITY, Missouri — On the brink of a trade war with Europe, America's farmers find themselves divided.

Dwight Roth of Harrisonville in west Missouri said he was uneasy about the consequences of a fight.

But the grain and cattle producer also said he was ready to stand on the free trade issue that he saw symbolized in a European Community embargo on U.S. beef produced with the aid of growth hormones. "I don't like to be pushed around," Mr. Roth said.

In contrast, Lee Swenson, president of the National Farmers Union, said he would prefer negotiations. "If we just go over there and try to bully them," he said, "that's not going to get us anywhere."

The division in the farmers' views is familiar, reflecting years of debate about the issue of subsidies.

But now, U.S. and European agricultural interests have collided on the beef question. Many experts fear that they may drag broader economic interests into the conflict.

The European ban on U.S. hormone-treated beef has been pending since 1985. The ban has been in effect in Europe for more than a year.

Under protest from U.S. representatives, the ban on imports had been delayed, but the EC Council voted in December to allow the restriction to go into effect Sunday, as scheduled, despite the threat of U.S. retaliation.

About $130 million worth of exports from the United States are affected. U.S. officials have listed an equivalent quantity of products for retaliation, including Danish hams, French cheeses and Italian canned tomatoes. A 100 percent tariff will be added to the prices of those items.

The Europeans have warned of a counterretaliation.

Like Mr. Roth, U.S. farm leaders generally see the beef question as a symbol of a larger issue, touched off by a Reagan initiative seeking to phase out farm subsidies.

Administration spokesmen say the subsidies interfere with free trade. And they say competing systems used to supplement farm incomes impose a burden on consumers and weigh heavily on the economies of many countries.

Members of the European Community use price supports to stimulate production and export subsidies to help dispose of the surpluses the system generates.

In the United States, price supports are lower, but the government achieves the same effect on farm incomes with direct payments to growers. To keep its crops competitive, the United States imposes its own export subsidies.

The United States has powerful domestic reasons for its position, said Terry Barr, a former government economist who is now vice president for agriculture and trade policy of the National Council for Farmer Cooperatives.

In a world without subsidies, he noted, America's highly productive land mass along with the efficiency of its transportation, storage and port systems would give the United States a great competitive advantage.

But Mr. Barr is worried that a trade war could hurt the large farm cooperatives that are members of his council.

Despite a similar uneasiness, Jim Miller, a Washington state wheat grower, feels that the stakes are worth the risk.

"This is just part of the 'fortress Europe' system the Community seems to be leading up to," he said. "If we don't retaliate, they will go on and impose still other trade barriers against the outside world."

But he noted that growers of wheat and many other crops depended heavily on exports, and he warned, "If we don't do something to reduce trade war pressures, agriculture is going to pay a very severe price."

Hugh Arant, a cotton and soybean grower in Mississippi, agreed. "Like most farmers, I'm for free trade," he said. "But this is one of those issues where we are just going to have to dig in our heels."

On the other side of the issue are people like Mr. Swenson and Don Ralston, a director of the Center for Rural Affairs, a Nebraska-based advocate of family-size farms.

"We've been talking out of both sides of our mouths on the beef issue," said Mr. Ralston.

"Our industry has regularly complained about imports that don't meet our standards, and now we try to impose our standards on the Europeans."

He also questioned whether America's farmers would support the administration on phasing out subsidies.

"An appropriate question is the proper role of government in farm policy, and subsidies certainly fit in there somewhere," he said. "I think most farmers would say, 'Yes there is a role for government, and one proper role is supply management.' Subsidies are part of that."

Addis Ababa Crash Kills 21

Agence France-Presse

ADDIS ABABA, Ethiopia — A loaded fuel tanker overturned and crashed into a busy business and residential district Sunday, starting a blaze that left 21 persons dead, 18 injured and more than 200 homeless here on New Year's Day.

Crossing the Border, in Style

By Larry Rohter
New York Times Service

MEXICO CITY — Santiago and Gloria Rodriguez have been married for eight years, but neither has ever met the other's parents, his in Mexico, hers in Guatemala.

As immigrants living illegally in California, the couple dared not, until now, leave the United States for fear they might not be able to slip back across the border.

"But we have our papers now," Mr. Rodriguez said, "which means we are legal residents of the United States and can come and visit my family without fear."

"Nine years have passed since I last saw my parents," he said, "and 13 since my wife last saw hers, so you can imagine how happy all of us are."

Mr. Rodriguez, 30, a farm worker who lives in Camarillo, California, is among more than two million undocumented workers, most of them Mexicans, who have either applied or already qualified for amnesty under the 1986 Immigration Reform and Control Act.

With their status in the United States finally legal, hundreds of thousands are taking advantage of the holidays to return home for the first time in many years.

The immigration legislation included an amnesty for undocumented foreign workers able to demonstrate that they entered the United States before Jan. 1, 1982, and have lived in the country continuously since then.

The application period for the amnesty expired May 4, and both recent arrivals and those eligible who did not apply for the amnesty are subject to expulsion from the United States if detected.

In border cities like Tijuana and Mexicali, the flow of Mexican workers going home for the holidays was so heavy that waits of up to a week to board planes, buses and trains heading south were common.

Highways too were filled with the immigrants, some driving new cars and pickup trucks that they planned to leave behind with relatives.

At airports and bus and train stations throughout Mexico, brothers and sisters who had not seen each other in years embraced tearfully. Returnees introduced offspring born in the United States to the grandparents they knew only from photographs and hurried telephone calls.

"It is possible that a million and a half migratory workers have returned to Mexico to rejoin their families during this holiday season," said Jorge Bustamante, director of the College of the Northern Border in Tijuana, a research institute that studies immigration and other social issues. "Those are figures without precedent."

According to statistics compiled by Mr. Bustamante's institute, 700,000 to 800,000 undocumented workers returned to Mexico in December 1987, about the same figure as in December 1986.

The institute estimated that 1.75 million Mexican immigrants were working in the United States illegally during the summer of each of those years.

The practice of Mexican workers' returning to their homes in December and January originated in the cyclical nature of agricultural work in the United States.

For years men would head north beginning in February and come back home after the last harvest, a practice that has continued even as more and more Mexican immigrants move out of agriculture and into factory and service jobs in the United States.

The changes wrought by the 1986 legislation have meant that more Mexicans are able to come home for the holidays.

They also mean that many of them no longer need risk being arrested when they return to their jobs in the United States.

SPORT: *Tone of Capital*

(Continued from Page 11)

investment advisory firm in the Washington area. "You learn how to lose and how to be part of a team. You learn that life isn't a straight shot north."

Pausing for breath and a change of gear between a hunting trip in Florida and a fishing trip in Alabama last week, Mr. Bush brushed aside questions about appointments and agendas. Instead, he cited his oft-stated view of the world more or less according to Izaak Walton.

"The days a man — man is a generic term here — spends fishing or hunting should not be deducted from the time he spends on earth," he said. "That's why I'll be a great conservation and environmental president. I plan to fish and hunt as much as I can."

Just as he claims many hometowns and lists many jobs on his résumé, so Mr. Bush plays a wide array of sports and games. Reducing the budget deficit may be a problem, but if you really want to stump George Bush, ask him to name his favorite sport.

"I like them all," he replied, after puzzling over the question last week on Air Force Two. "I like exercise. I think maybe fishing is my favorite. But then there's tennis." His voice trailed off in a pleasant reverie.

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Herald INTERNATIONAL Tribune.
Published With The New York Times and The Washington Post

Why Not a U.S. Surplus?

Ronald Reagan promised smaller government. And although the budget total did not fall, the growth rate did, for domestic spending especially. But his major economic legacy lies in the other direction.

The most conservative of modern presidents became the all-time deficit spender, adding more than $1.5 trillion to a national debt he more than doubled in eight years. In three of those years the deficit was more than $200 billion, the size of the entire budget as recently as 1970; this fiscal year the deficit will still be $150 billion. No problem will be greater for the Bush administration.

Its basic goals of policy, after providing for national defense, should be continued economic growth, less dependence on foreign capital and a fairer division of the pie. In recent years not only has the United States steadily lost ground to foreign competitors, but within the United States the rich have gained at the expense of the poor.

To achieve the goals of growth and freedom from dependence on foreign capital especially, the government should move from the present deficit to a budget surplus of perhaps $40 billion in the next four years. By definition this would increase the national savings rate and finance, domestically, the increased investment on which future economic growth and health depend. It would also help to achieve a kind of intergenerational equity, reducing the burden on the children, providing for the day in the next century when the ratio of workers to dependents in the society will suddenly decline as the baby boomers retire.

A surplus also would free and compel the Federal Reserve Board to cut interest rates. It no longer would have to keep rates high to attract the foreign funds needed to finance a huge deficit. Nor would it have to offset a stimulative fiscal policy; on the contrary, it would have to lower rates to offset the new restraint. That is why the shift in fiscal policy would not cause a recession. Lower rates would stimulate growth; the economy distorting effects of high rates would disappear.

Despite what Mr. Bush promised in the campaign, we believe there is no way to achieve a budget balance (let alone a surplus) just by cutting spending and relying on, or hoping for, continued economic growth without a tax increase. Ronald Reagan could not make it work, and we don't think his successor will be able to, either. It is not for lack of will; it is because of the math.

Mr. Bush is right to call for a no-cut and no-real-growth military budget. That already implies a larger cut in the defense program than he acknowledged in the campaign; to cut still more would be to risk a reversal of the Reagan buildup. The president-elect also is right to say he will not cut Social Security. A cut there would be likely to send more older people below the poverty line, reversing one of the least ambiguous social accomplishments of the past 50 years.

Defense, Social Security and debt interest are about two-thirds of the budget. The remaining third cannot bear the full burden of deficit reduction. Most of this consists itself of major programs — Medicare and Medicaid alone are a third of the third — and while some can be cut a little, most cannot be cut a lot. We would favor such steps as cutting Medicare physician reimbursement fees, farm supports and the space program, and the abolition of some agencies and programs.

But at the same time other spending must rise. The rich-poor gap has grown too great; the poverty rate, for children especially, remains too high. (One-fifth of all children are poor; two-fifths of the poor are children.) The earned-income tax credit, a negative tax for working poor with children, should be increased, as should Medicaid (only 40 percent of the poor are served) and housing programs for the poor, whose expansion the Reagan administration stalled. The government also will have to sharply step up spending to help bail out the savings-and-loan industry and repair the nuclear reactors used in weapons building. Both these large costs were suppressed in the Reagan years.

Spending may thus save a little, but, realistically, most of the work would have to be done on the tax side. Higher income tax rates would be the best place to start (although not so much higher as to put in peril all the tradeoffs won in tax reform). A larger share of Social Security benefits should also be taxed. Then there would have to be resort to excises, the gasoline tax especially. A penny a gallon would produce $1 billion a year; 80 cents a gallon would only restore the price of gasoline to that of the early 1980s.

Those who don't like these steps — a large and mighty constituency — should propose alternatives. The Democrats can be forgiven for wanting Mr. Bush to spell out the spending cuts he promised but refused to identify in the campaign. But sooner or later they are going to have to give up taunting him and try instead to help him get to the tax increase that the real-worlders in both parties know will be required. Whether to raise taxes was a campaign question. The real questions are which taxes and when.

— THE WASHINGTON POST.

It's Not a Model Marriage

For Americans, it might have been just another New Year's Eve. For Canadians, it was the night they climbed nervously into bed with their big, brash neighbor. At midnight, the United States and Canada formed a free-trade area that, in big ways and small, will touch the lives of practically everyone in both countries. On a still larger scale, it will change the way the world trades — possibly for the better, possibly not.

Americans tend to be blasé about Canada, despite its crucial importance as ally, friend and No. 1 trading partner. But Canadians are intensely sensitive to the United States. Being next door to a superpower isn't always comfortable; being formally linked is, to many, frightening. In November, most Canadian voters backed candidates who opposed the free-trade agreement. But the anti vote was split between two parties, and Prime Minister Mulroney retained his parliamentary majority.

A free-trade area means two or more countries removing all barriers to trade with each other: tariffs, quotas and trade-related regulations. It is not a common market, which harmonizes taxes, antitrust policy, labor law and such. On matters other than U.S.-Canada trade and investment, Washington and Ottawa will act on their own.

Some restrictions ended immediately, but most will go gradually. Moreover, major issues remain to be resolved. There are bound to be challenges. Each will be assigned to a special panel with equal Canadian and U.S. representation. There's a lot of tough negotiating still to come.

The creation of such a muscular partnership makes waves worldwide, too. Some worry that bilateral deals, mostly among major powers, come at the expense of global efforts, leaving everyone else on the sidelines. Washington asserts that the U.S.-Canadian deal can actually strengthen multilateral trade cooperation, providing impetus for all countries to open up lest they be frozen out. Maybe. But the accord has sparked talk of similar arrangements between the U.S. and Mexico or Japan, or creating a Japanese-led East Asian grouping.

Though none of those combinations offer the ready fit of the U.S.-Canada pact, the talk can't be ignored. With Europe and North America consolidating their own blocs, and Japan crowding the United States' leadership role, all their governments will be seeking some kind of advantage.

A divided world benefits no one. Wealthy nations need the resources and labor of the poor as much as the poor need the markets and capital of the wealthy. Trading blocs may seem cozy for their partners, but no nation or group of nations can thrive alone in an increasingly interdependent world. It is Washington's and Ottawa's responsibility to see that the U.S.-Canada pact serves as a model of openness, not exclusion.

— THE NEW YORK TIMES.

More Fuel for a Recession

Oil imports into the United States are now running about a million barrels a day higher than a year ago. That's another thing for President-elect Bush and his Department of Energy to think about. Americans have more cars than ever and are driving them farther, more than offsetting the modest gains in automobile efficiency. With the decline in oil prices, the industrial use of fuel oil is picking up again. If this acceleration of American demand for oil continues, it's going to work wonders for OPEC's strategy to regain control of the market.

Americans as individuals are good at thinking ahead, but the country is notoriously bad at it. Suppose that the U.S. economy grows at a modest 2.5 percent a year from now until the end of the century, which is not quite as fast as it has grown throughout the past dozen years. By the year 2000, it would be a third bigger than it is today. To power that growing economy, the energy will come from — where?

The first choice is conservation. But under present policy, or the lack of it, the prospect isn't very promising. After the first oil crisis in 1973, Americans began to use energy more carefully. The amount used, in relation to the size of the economy, dropped rapidly. But now it has stopped dropping. Last year was the first since the mid-1970s that showed no further progress.

How about oil? If the United States tries to increase its oil consumption by 2.5 percent a year, in pace with the economy, imports will more than double by the end of the 1990s. That kind of increase will threaten an explosion like the last two in the oil markets.

Coal? The United States burned 560 million tons in 1973. This year it will burn nearly a trillion. Should that be increased by a third again over the next decade — despite the damage done by acid rain and despite the ominous evidence that the combustion of fossil fuels throughout the world is now beginning to change the climate?

Natural gas and nuclear power production could be expanded. But not nearly fast enough to replace significant amounts of oil and coal.

Energy consumption is now on a track that heads over a cliff. The two deepest recessions since the 1930s followed the two previous oil crises. It doesn't have to happen that way again. But it probably will, in the absence of intelligent and forceful public policy to hold down the American economy's demands for fuel.

— THE WASHINGTON POST.

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OPINION

He's Still Not St. Mikhail, Thankfully for the West

By Jim Hoagland

PARIS — After wrapping up the Man of the Year awards with ease in 1987, Mikhail Gorbachev ended 1988 poised for elevation to sainthood in many Western commentaries. Fortunately, he is something other than a saint; he is a skillful and calculating politician who frequently does well out of doing good. As Andrei Sakharov has pointed out, the Soviet leader's dramatic moves often end up adding to his own power and weakening that of his rivals.

This is true of his most recent bid for political beatification: his pledge at the United Nations to pare the Red Army by 500,000 troops and 10,000 tanks. It is a genuine move to reduce tensions, as was highlighted in initial accounts. But it is also an effort by Mr. Gorbachev to rein in a Soviet military establishment that has grown accustomed to having its own way and living high on the hog.

The generals have responded by grumbling in an audible but restrained fashion in Moscow. In interviews published in the official press, some have suggested indirectly that Mr. Gorbachev, if he is not sensitive to their needs, risks being deposed as was Nikita Khruschev in 1964. But they are not moving into open opposition over the troop cuts.

It is an astonishing commentary on the bloated state of the Soviet military — and testimony to Mr. Gorbachev's tightening grip on power — that the announcement of sharp reductions has not touched off any outcry about national security. A 10 percent cut in the armed forces' manpower and the probable destruction of half of the 10,000 tanks that would be pulled out of the Soviet front line divisions have been accepted with no real public discussion of the military consequences.

Instead, the generals limited their open grumbling to calling attention to military benefits and other concerns that Mr. Khrushchev neglected when he decreed a cut of 1.2 million men in 1960. This is the mistake Mr. Gorbachev must not repeat, they imply, if he is to avoid turning them against him.

Mr. Khrushchev argued that the arrival of nuclear missiles made reductions in manpower possible. Mr. Gorbachev has not yet supplied a military rationale for the cuts he has proposed. This omission will give the generals leverage in the bargaining that is beginning now over modernizing the remaining forces.

The military leaders can be expected to argue that "changing over to a purely defensive structure will require much more highly sophisticated, high-tech weapons systems than they currently have," says F. Stephen Larrabee, a scholar of the Soviet military who was in Moscow last month. "They will want more anti-aircraft, more reconnaissance and surveillance capability, and other things that would cut into any immediate savings Gorbachev may think he is achieving."

But forcing the Soviet military to bargain seriously with the civilian leadership is in itself a victory for Mr. Gorbachev. He is seeking to break the profligate pattern established by Leonid Brezhnev of rubber-stamping all the demands of the Soviet armed forces, without regard to likely Western reaction or identifiable needs.

The corollary is diminished influence for the general staff on arms control negotiations, which could now take on a new purpose. Mr. Gorbachev is using the politics of arms control to re-establish civilian primacy over the Soviet military. In ordering the manpower and equipment cuts last month, he cited specific concerns voiced in the West about the dangers of surprise attack. These references suggest that Mr. Gorbachev is giving a strong new role to civilian defense analysts who have urged unilateral reductions as the starting point for serious conventional-arms negotiations with the West.

Despite all of its flaws, the arms-control process has proved to be a useful tool for Mr. Gorbachev in dealing with his military. The West has helped him by making demands for sharp Soviet military reductions, and should continue to do so.



Mr. Gorbachev began his drive to consolidate power by kicking Andrei Gromyko upstairs and getting control of foreign policy. His next big victory came over Yegor Ligachev in a battle for the ideology portfolio on the Politburo. December's arms-reduction announcement is reportedly a prelude to the appointment before the spring of a civilian defense minister beholden to Mr. Gorbachev.

With Mr. Ligachev having been moved to the sidelines, only one man on the Politburo appears strong enough to mount a challenge to the Soviet president: Lev Zaikov, who reportedly has established strong contacts within the Soviet military as head of defense industries. Mr. Gorbachev's tightening of control on the military may have negative implications for Mr. Zaikov's position.

So the West should be thankful that Mr. Gorbachev is not a saint, doing all this for peace and harmony. As a practical, skillful politician seeking ways to improve his own position, he just may survive in circumstances where a saint would be eaten for lunch. And he is likely to see new ways in which reducing Soviet adventurism and paranoia are in his interest as well as ours.

The Washington Post.

To Aid Gorbachev: Forgo The Sabres and Subsidies

By Bill Bradley

WASHINGTON — Mikhail Gorbachev's pledge to cut 500,000 Soviet troops and 10,000 tanks could signal the beginning of a new era in East-West relations. If the Soviets are serious about economic reform — and I believe they are — these cuts may be just the first installment in a large-scale reallocation of resources from the military to the civilian sector.

The Soviet Union needs reform to survive. Dazzling diplomacy and innovative foreign policy do little for the folks back home in the bread lines. That is why the new leadership is willing to take real risks. Mr. Gorbachev knows that, without change, the Soviet Union will remain a third-rate economic power, and could become a second-rate military power, in his lifetime.

The major question for America is how President-elect George Bush will respond to this new situation. Will he heed the hardliners and resurrect the artificial economic policy of linkage that dominated superpower relations in the past? Or yield to the romantic capitalists eager to invest in the Soviet Union, as long as the taxpayers bail them out when deals turn sour?

I hope Mr. Bush rejects both paths.

The hardliners' linkage won't work. Western governments can't force change by conditioning credits and technology on movement in arms reduction or human rights. Why? Because the success of perestroika depends on Mr. Gorbachev's leadership, the responsiveness of the Soviet people and the system's ability to adapt.

As Soviet reformers say to America, "We're doing this for us, not for you." The courage and skill to implement price reform, reduce the budget deficit and make the ruble convertible to other currencies will come from Soviets who see these steps as necessary for their own future. They will not destroy missiles they believe they need in order to get Western credits.

The notion that Western governments can help Mr. Gorbachev through cheap credit is just as flawed. Reform means making tough choices: butter not weapons, efficiency not useless output, consumption not forced saving. The real reformers know this. They also know that it means higher prices, less job security and harder work today in exchange for the promise of a better life tomorrow. That's why there's so much opposition — from workers, bureaucrats, peasants, party officials, consumers, black marketeers.

Cheap credits play into the hands of perestroika's opponents by deferring the day of reckoning. Without answering the basic questions, Mr. Gorbachev can provide only temporary relief from the shortages, inflation, corruption and flagging productivity that bedevil the Soviet economy.

What Moscow needs from the West is not cheap credits but a cooperative road map to a better economy and a safer world. The first step along that path is to recognize that Washington, the government of capitalists, does not guarantee even its own capitalists a world without losses. Success in an open world economy requires information and the willingness to risk for a return.

As Soviet reformers say to America, 'We're doing this for us, not for you.'

As one prominent Soviet economist put it, "We need to operate under normal conditions." The West should respect that need. "Normal conditions" means that Western investors pursue profits, not politics.

"Normal conditions" means no Western government loans, credits, guarantees, insurance or other subsidies that artificially reduce both the risk of doing business in the Soviet Union and the cost of Soviet borrowing. Let banks lend and entrepreneurs invest. But let them do it with their own money, not the taxpayers'. As long as Western investors bear the full risk of their decisions, they will become ardent advocates of reform. If the reforms are forthcoming, the capital will follow.

If, instead, Western governments were to insulate investors from risk, capital would flow, even without much prospect of profit. This would expose Western taxpayers, whose credit guarantees become a form of foreign aid. It also would undercut the efforts of Soviet reformers, who would no longer be able to argue that perestroika is necessary for membership in the international economic system.

There's another argument against Western subsidies. The developing world and the Soviet Union are in competition for a limited pool of worldwide capital. Every mark or yen that goes to Moscow doesn't go to developing countries. For all of its problems, the Soviet Union is no developing country. Its vast military spending dwarfs the gross national product of many nations. If the West can afford subsidies, then let's reserve them for the truly needy. A dollar's worth of special treatment for Moscow is a dollar less for relieving poverty in Africa or Latin America.

Mr. Bush must develop a Western strategy for economic relations with the Soviet bloc, one that applauds perestroika but does not pay for it.

The writer, a Democrat from New Jersey, is a member of the Senate Select Committee on Intelligence. He contributed this comment to The New York Times.

How Goes the Philippines? As Good as Its Economy

By Amando Doronila

MANILA — As Corazon Aquino next month approaches the second half of her six-year term as president of the Philippines, she continues to ride a wave of popularity. Her approval rating in the most recent survey of public opinion was 73 percent. Few leaders in the Third World, beset with political instability and popular impatience for access to the benefits of economic growth, have had a more sustained honeymoon with their people than Mrs. Aquino.

Admittedly, her approval rating is down 5 percentage points from a peak of 78 percent in October 1986. But the president's continuing popularity is stoking speculation that she will stand for re-election in 1992. This despite her consistent denials, such as when, last month, she said her decision to run against Ferdinand Marcos was "one of a kind."

That the speculation persists in spite of her apparently sincere denials suggests two things. First, there is no other leader in the foreseeable future who can hold this nation of 56 million people together. Second, she may be co-opted to run again, as she was in 1985 to lead the struggle to unseat the Marcos regime.

The performance of the economy will have a critical bearing on Mrs. Aquino's political future. In a report to the nation in November on her first 1,000 days, she said the most important achievements included the adoption of a liberal constitution, the restoration of democracy, the election of members of Congress and local officials, and the recovery of the economy. Gross national product expanded by about 6 percent in each of the last two years, compared with a 4 percent contraction in 1985, the final year of the Marcos administration.

Since the last military coup attempt in August 1987, there have been no serious political disturbances. The danger from ultra-right military officers plotting to seize power has greatly diminished. This has improved political stability and the climate of confidence needed to attract foreign investment, the engine for sustained economic growth.

The Communist rebellion in the Philippines is Asia's longest-running large-scale insurgency. It continues to be a troublesome threat. However, the armed forces have regained the initiative from the guerrillas, and are better armed and organized, with higher morale, than under Mr. Marcos.

Communist leaders assert that they will be in a position to seize power in 10 years. However, the guerrillas have little public support, and many villagers resent having to pay the "revolutionary" taxes in cash or kind that the insurgents must levy if they are to sustain and expand their operations.

The economic recovery is partly responsible for hampering the insurgency by reducing some of the hardships and grievances that the guerrillas exploit. For example, the Aquino administration abolished the agricultural monopolies set up under Mr. Marcos. One of the main monopolies covered the buying and marketing of coconut products, a major source of income for millions of rural Filipinos. In the last 18 months, coconut prices have been buoyant, with the benefits flowing down to the grass-roots level in the coconut-growing areas that have been insurgent strongholds.

Sustained economic growth in the Philippines will depend on investment. Although still modest, it has taken over from consumer spending in fueling the economy. Growth could have been faster if substantial resources had not been diverted into servicing a $28 billion debt, the bulk of it a legacy from the Marcos years.

Revision of the military bases agreement with the United States, and the possibility that a big multinational aid program may begin in 1989, would inject new resources for economic growth in the Philippines. However, the Aquino government has not handled foreign assistance creatively. It has missed many opportunities to mobilize resources to promote reform, and there are disagreements in the government over how to handle the foreign debt. This political division and bureaucratic inefficiency promote an inertia that acts as a break on economic development.

Various Filipino politicians are positioning themselves to run for the presidency in 1992. However, none is as popular as Mrs. Aquino, with the possible exception of General Fidel Ramos, the secretary of defense. And while many wait in the wings for a definite signal that Mrs. Aquino will not seek re-election, the ultimate arbiter in determining whether she will is likely to be the economy.

The writer, editor of The Manila Chronicle and a prominent political analyst, contributed this comment to the International Herald Tribune.



The 'Indian Doctrine' Has Other South Asians Worried

By Ben Barber

WASHINGTON — Less than two months after India, in response to a plea from its tiny neighbor, sent troops to thwart an attempted coup in the Maldives, the smaller nations of South Asia are concerned about New Delhi's willingness to flex its military muscle in the region.

A series of Indian interventions — military, political and economic — in recent years have affected such nations as Sri Lanka, Nepal, Bangladesh, Pakistan, Sikkim and Bhutan. What the region fears is that India is stepping up its enforcement of what is called the Indian Doctrine. As a Western diplomat based in the Sri Lankan capital of Colombo explained it, "The Indian Doctrine means 'keep the pots boiling in other countries so none can threaten India.'"

"These people inherited the British strategy and doctrine and stick to it," Professor Shelton Kodikara of Colombo University's International Relations Program observed of India. According to Mr. Kodikara, India's leaders believes that its "security is tied up with its neighbors."

The coup attempt in the Maldives, an indirect result of this policy, is a case study in the subcontinent's ethnic and political complexities. The Indian paratroopers and sailors sent to put down the coup fired on mercenaries India itself had trained a few years earlier. According to the Maldivian foreign minister, these mercenaries, hired by the Maldivian coup leaders, were members of the People's Liberation Organization of Tamil Eelam. The PLOTE had received arms and training from the Indian army under the auspices of the Indian equivalent of the CIA, the Research and Analysis Wing, as part of Indira Gandhi's program of covert destabilization against Sri Lanka.

Moreover, India's Sri Lankan policy has led it into ever-deeper involvement in that island-nation, where more than 50,000 Indian troops have been pinned down trying to end a bloody separatist war that India itself encouraged.

India's covert aid to the Tamil separatists began in 1977 as a way of putting pressure on Sri Lanka's pro-American president, Junius Jayawardene. India, concerned about U.S. intentions in the region, feared that Mr. Jayawardene would allow the United States to open a naval base at the magnificent natural harbor at Trincomalee. Although U.S. and Sri Lankan officials insist there was no such plan, despite worries over the future of U.S. bases in the Philippines, Sri Lanka was induced to grant India an official veto over the use of Trincomalee. In return, India cut off aid to the Tamils and sent in its peace-keeping force to try to end the separatist war it had supported.

South Asia is a region of terrible overcrowding, spreading poverty and increased rivalries for space and resources. India — with 817 million people, the world's fourth-largest army and nuclear-missile capability — has emerged as the unchallenged power, with the Indian Doctrine making itself felt in many ways. In Nepal, for example, India recently vetoed China's low bid for a highway project, according to a Western diplomat in Katmandu. India built the road for free.

"Already 86 countries have signed Nepal's Zone of Peace proposal," the diplomat said of a still-vague plan to bar nuclear weapons or other military force from the Himalayan region. "But India has not agreed because the ZOP is essentially an insurance policy against India. India's influence is vast and touches everything. It is Nepal's biggest trading partner and controls land access."

Every nation in the region — as well as such outside players as the United States — have come to accept the Indian Doctrine, sometimes also called the "Indira Doctrine," after Indira Gandhi, who ruled India from from 1966 until her assassination in 1984. Under her, India invaded East Pakistan, annexed Sikkim and fought border wars with China and Pakistan. Pakistan was cut in half in 1972 when the Indian army intervened to help what was then East Pakistan become the independent nation of Bangladesh.

Her son and successor, Rajiv Gandhi, has continued the policy. But at the same time, India — itself a nation of many differing nationalities — faces numerous internal ethnic conflicts that threaten its national integrity. The Sikhs, the Gurkhas and the Nagas, among other groups, have engaged in communal and even separatist violence, and the Mizoram and Tamil Nadu regions of India have become hot spots of unrest. The result is that India's army seems increasingly like a many-armed Hindu deity dealing with a variety of ethnic, religious and political eruptions both without and within the country.

However, Rajiv Gandhi, a young prime minister with little political baggage, has been more inclined toward political solutions and dialogue, and more reliant on personal relationships with other leaders, than India's leaders of the past. He seems less inclined than his mother to encourage the ethnic groups of other nations to rise up against their governments, and he recently indicated to Pakistan's new prime minister, Benazir Bhutto, that he thought a historical turning point was approaching in the region.

Still, he is paying the price for his mother's intrigues. Although Mr. Gandhi came to office "with a clean slate, South Block," Professor Kodikara observed in Colombo of the New Delhi foreign ministry, "is the same and he's subject to the same pressures" as was his mother.

That was evident in a recent cartoon in the magazine India Today. It portrayed little chicks, labeled Bangladesh, Pakistan, Sri Lanka, Nepal and the Maldives, clustered close under the wings of a giant, fierce mother hen labeled India.

The writer, a free-lance reporter, recently spent 18 months based in Bangkok covering South and Southeast Asia for five U.S. newspapers. He contributed this comment to The Washington Post.

100, 75 AND 50 YEARS AGO

1888: The Opium Trade

PARIS — The news that an opium syndicate has been formed in Canada to smuggle opium into the United States will be read with interest by all true friends of Protection. This syndicate has "five millions of dollars behind it." There is no reason why, while the mania for protecting everything — even bad acting — prevails in America, smuggling should not have its rights. But for the enterprise of the British smuggler in the latter part of the last century, British trade would have been ruined. The Canadian smuggler is probably coming to save American trade.

1913: Capital Ventures

ST. PETERSBURG, Florida — What is believed to be the first commercial line of aeroplanes to be operated in the world was inaugurated today [Jan. 2] when the St. Petersburg-Tampa line began business. The first flight of twenty-two miles was made in twenty-three minutes.

1938: Trans-Atlantic TV

NEW YORK — A trans-Atlantic television broadcast has been effected in the transmission of the face of a London actress from the British capital to the Riverhead, Long Island receiving station of the Radio Corporation of America, it was announced [on Jan. 2]. The distance covered was 3,000 miles, something scientists believed impossible, since the maximum efficient range of television has been considered to be about twenty-five miles. R.C.A. engineers also said they saw quite clearly the image of an old man with a wig and a magician waving a cloth.

WASHINGTON — The foreign commerce returns of the United States for the calendar year 1913 are: Imports, $1,750,000,000; exports, $2,500,000,000, thus making the excess of exports over imports $750,000,000. These figures constitute a new high record.

OPINION

Germany Can't Ignore Auschwitz-in-the-Sand

By William Safire

WASHINGTON — Can it be that the "good Germans" are at it again — claiming to know nothing about the participation of some of their countrymen in a powe-maniac's plans for his own Final Solution?

For si months, Western intelligence agncies have been sharing pictures nd recordings that suggest a poson-gas factory is being built by Kaammar Gadhafi of Libya with te help of at least two West Genan companies.

Six wees ago, in a White House meeting wh his old companion of Bitburg, hancellor Helmut Kohl, President eagan called this danger directly ad officially to the attention of t Federal Republic. An investigatn was promised, but no sense of gency has been shown.

I suspt that a German whitewash willtry to show that other nations we also contributed to the Libyn facility, and that the plant cz also produce fertilizer for invii inspectors.

Mr. hl's cover-up brigade is searchin for a single widget component ma in America so the report can read Everybody's at fault."

One mht think that this generation of Gmans, aware of the guilt of their thers in the gassing of millions innocents not so long ago, woc be particularly sensitive to the prpect of complicity in the murder gas of civilians by a terroristate today. But apparentdy too my "good Germans" just don't wi to know about it.

That ause of ignorance never had valiy, and has even less now. News che poison gas plant 40 miles (6ilometers) south of Tripoli has en bruited about in the world ps for months.

Lastek, after a suggestion in this sp that the U.S. and Israel begin jt preparation to take out the thr, Mr. Reagan was asked publicl that possibility was being ccdered; he pointedly refused rule it out. Because the Gadhi "pharmaceutical plant" is the onne in the world ringed by anti-craft defenses, several newspers then speculated on the use ofuise missiles.

Onnday, Stephen Engelberg and hael R. Gordon of The New rk Times broke the story in sting detail.

W German participation in the gn and construction of the vast chemical plant at Rabta in Libya was revealed, along with facts about German aid in refueling bombers that would make possible the quick delivery of poison gas bombs to Tel Aviv residents who are descendants of those forced to breathe Cyclon-B at Auschwitz.

Sputtering denials were dutifully reported. Just as the dictator Gadhafi claimed that his chemical complex was for making medicine, a West German corporate official claimed that the only Libyan contract his company had sought was for plastic bags.

State terrorism using poison gas always has a cover story; in the face of hard evidence of the recent death of thousands of Kurds by poison gas, the killer who runs Iraq blandly insists that it never happened.

Some Europeans can be expected to blame the potential victims: this is all a Jewish plot to deny honest profit to German manufacturers, or an American plot to provide an excuse for anti-Arab adventurism.

The moral reaction from West Germans with consciences, including journalists, is to demand the whole truth quickly. Who broke what laws and what government officials turned a blind eye? Why did Bonn's higher-ups procrastinate for six months?

Take the scandal deeper: Does the export-loving foreign minister, Mr. Genscher, approve of the way West German missile experts are providing Third World nations with the technical means to build delivery systems for gas bombs?

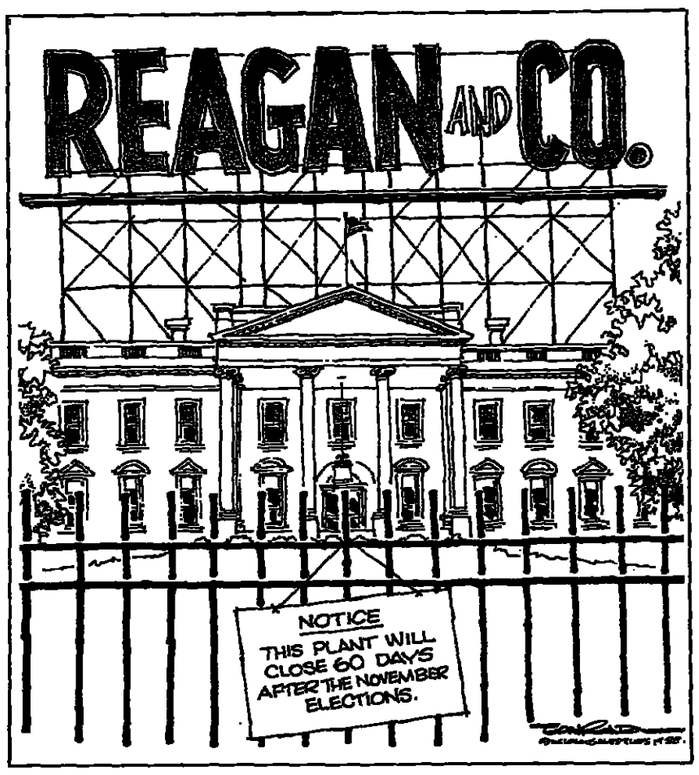
Does Mr. Kohl consider it legal and moral for Bonn to permit certain of its well-connected nationals to help terrorize the world?

Those unreachable by conscience should consider the boomerang effect of letting West German citizens help build and deliver mass-murder weapons.

Some Kurds seeking vertical vengeance for the extermination of their families may look beyond Saddam Hussein; some black defenders of Chad who see their country fall under a Libyan gas attack may look beyond Colonel Gadhafi; and if mustard gas created with the help of businessmen near Munich ever rains on Jerusalem, some unreasonable relatives of victims — both Arab and Israeli — may retaliate beyond Tripoli. That is why Auschwitz-in-the-sand calls for prompt obliteration, after appropriate warning by leaflet.

Poison gas sometimes blows back on its perpetrators far behind the lines. That is a practical reason for Western European governments to crack down on poison gas profiteers who not only threaten innocents abroad, but ultimately endanger their own people.

The New York Times.



On Lightning Ridge, You Can Be Struck Rich

By Peter Cole-Adams

LIGHTNING RIDGE, New South Wales — This ridge is the last resort of the incurable optimist. It is an Australian casino of clay where luck can still confound technology and a sweating amateur can strike it rich. It is a haven for romantics, rascals and misfits, for gnarled old-timers and adventurous refugees from the rat race.

In an age when mining has been taken over by large companies employing extravagantly expensive machines and legions of geologists and engineers, the pursuit of opals, and particularly the wonderful black opals which are the pride of Lightning Ridge, is still a game for small players. There is always a "rush" somewhere on the red-soil ridge, or on the outlying fields. There is always a rumor, in this most secretive of societies, that someone has found "color."

Lightning Ridge is 477 miles (770 kilometers) from Sydney in the north central part of the state of New South Wales, just south of the border with Queensland. It is the world's major source of high quality black opals.

"A good black opal is a beautiful thing," said Dale Bruce, a miner here. "You turn it in your hand and there's a flash of blood red. Turn it again, and there is electric blue." Black opals gathered from these fields are worth many millions of dollars a year. About 80 percent of the opals go to Japan.

At last count, more than 3,500 claims had been registered in the Lightning Ridge area, which is enjoying a boom. Now, in midsummer, it is hot and violent electric storms sometimes strike. The population, at least in the cooler months, may reach as many as 7,000. Every so often, there is uproar at the activities of "ratters," thieves who steal opals from the claims of others at night. Recently, when two were caught red-handed, hundreds of miners and citizens signed a petition to the authorities demanding that anyone found "ratting" claims be run out of town.

MEANWHILE

The opal mining has been dominated by individuals and small syndicates, partly because of the elusive nature of the precious stone and partly because the regulations were written to keep it so. Precious opal, consisting of spheres of silica arranged in a regular pattern, tends to occur in isolated pockets. An opal mining claim measures just 50 meters by 50 meters (54 yards by 54 yards), and no person can stake out more than two. Strip-mining is permitted only when the authorities are satisfied that a claim has been so heavily worked that it is too dangerous for underground operations. These conditions are hardly enticing for big companies, for whom efficient mining is bringing in bulldozers.

How long the small operator will continue to be a protected species in the opal fields is a question that dominates debate in this curious corner of Australia. New methods of prospecting and extraction, and an expanding international demand for black opal, have already brought great change to an industry that has lived by tradition. Even without changes in the regulations, the industry is already divided between those who can afford to buy or hire expensive new equipment and those who battle for enough fuel to maintain basic production.

The landscape here is a riotous medley of mounds of white earth from the diggings, dams of muddy water, makeshift dwellings, peculiar machinery and defiant trees. Unhappily, or perhaps happily for those into the romance of the stone, modern equipment has failed to make the finding of opal a more predictable business. While it is true, on average, that those who move the most dirt find the most gems, this is not a firm rule.

The ridge abounds with stories of people who have labored a year or more without discovering anything more than "potch," common opal that lacks those magical flashes of color found in a valuable gem, or a few "muggies," stones of little value. A top-class black opal can fetch as much as 60,000 Australian dollars (about $51,000). "You can work years in this business and find almost nothing," said Mr. Bruce. "Then you can get lucky and pull out opal worth maybe 500,000 dollars in a year." But, he added, "a lot more people go broke looking for them than make a fortune."

Still, some strike fortune in funny ways. Glennis Canlin, editor of The Lightning Flash, a local newspaper, tells of a musician who had a shaft sunk for a toilet, known in the Australian bush as a "long-drop dunny." The drill bottomed out on a cluster of gem opals. Stories like that keep the miners digging.

The writer, an associate editor of The Age in Melbourne, has completed a seven-month journey around Australia and will publish a book about it this year. He contributed this to the International Herald Tribune.

As they Take to the Gridiron, Brokers Will Be Watching

By Leonard Koppett

PALO ALTO, California — Many startling and dramatic events took place in 1988, but followers of the Super Bowl stock market theory got no surprises. It came through with flying colors for the 22d year in a row.

The theory states that if the Super Bowl game, played in January, is won by a team that once belonged to the American Football League (before it was absorbed by the National Football League in 1970), stock prices will finish that calendar year lower than they began it. If the game is won by any other team, stocks will finish higher.

The Washington Redskins won the Super Bowl game last January, predicting a higher market. Sure enough, the three most widely followed indices all finished the year higher. The Dow Jones industrial average came in at 2168.6, up 230 points from its 1987 close; the New York Stock Exchange composite at 156.0, up 18; and the Standard & Poor's 500 at 277.7, up 30.6.

Every year since the Super Bowl was first played in 1967, at least one of the three indices has upheld the formula. Each, individually, has been right 20 of 22 times, or 91 percent of the time. All three have been correct, moving in unison 18 times, or 82 percent of the time.

Of the teams still in contention for this year's Super Bowl, Buffalo and Cincinnati would be "down" indicators as eventual champions, while Chicago and San Francisco would be "up" teams.

No scientific or even mystical explanation has been advanced for the validity of the formula, but it continues to function and raises another question: If it's that simple, why isn't everybody rich?

The writer, a former sports reporter with The New York Times who is editor emeritus of The Peninsula Times-Tribune, contributed this to The New York Times.

Letters intended for publication should be addressed "Letters to the Editor" and contain the writer's signature, name and full address. Letters should be brief and are subject to editing. We cannot be responsible for the return of unsolicited manuscripts.

LETTERS TO THE EDITOR

Hormones or Else

...developing trade hostilities betn the United States and the Eu ean Community, stemming frothe EC ban on hormone fatter beef (*U.S.-EC Showdown Is Nng, Dec. 27*), seem to be a cron of the very mechanism inded to prevent such conflicts, nciations under terms of the Gral Agreement on Tariffs and Te, with the added complicati of the hard-nosed attitude ote U.S. negotiators — apparer a highly sought-after attrib in American diplomacy.

nave little doubt that left to their c devices the American produc and exporters in these markets ld have adapted their products as to continue doing business. If y failed to do so, they would erve the loss of business.

f any sovereign marketplace de- es to ban both domestic production and imports of a particular od category, why should they ve to justify it to trading partrs? The U.S. bans drugs that are idely used elsewhere because ey do not meet U.S. testing and afety requirements. The fact that here is divided opinion on the uman health consequences of ormone-fed beef is adequate justification for the EC ban.

GERALD E. DIXON.
Prangins, Switzerland.

What has happened to American business acumen? It seems that if Europeans do not want hormones in their meat they are going to have to lump it, or even be punished by the United States. A hot-dog stand couldn't stay in business with such an attitude about its customers' tastes.

LESLIE SCHENK.
Chevilly-Larue, France.

The Allure Is Damaging

In response to "Pre-Columbian Art's Allure" (Arts/Leisure, Nov. 26):

While an auction of pre-Columbian "art objects" appears to be as innocent as any sale of Impressionist masterpieces, it actually results in the destruction of archaeological sites. Collector demand for pieces fuels the illegal art market by making clandestine digs lucrative for locals whose "hit-and-run" techniques leave piles of rubble in their quest for saleable, perfect artifacts.

These destructive practices eliminate the crucial associations between artifacts and their location, irreparably damage sites, and occasionally even endanger the lives of archaeologists who work in areas patrolled by well-armed looters.

Even when auctions are held of previously owned pieces, the increased exposure fosters collecting fads that augment clandestine operations. Nor does the eventual donation of pieces to museums aid the study of ancient civilizations, because such pieces usually lack even the most basic documentation.

There is no doubt that pre-Columbian art is beautiful, but collectors could make a more positive impact by investing in scientific research and reaping an intellectual reward: for the price of one art piece, a substantial contribution could be made toward recreating the achievements of the past civilizations that both collectors and archaeologists admire.

MONICA L. SMITH.
Bakersfield, California.

It Was No Time for Ads

Upon hearing of the crash of Pan-Am flight 103 on German television on Dec. 21, I became very worried that a friend might have taken the flight. I called the New York telephone number provided by the newscast, and was greeted by a Pan Am official who asked me to wait until I could be connected to someone with information.

As I waited on hold for what seemed ages, I was forced to listen to a recorded advertisement regarding Pan Am bargain flights to Europe. I find this thoughtless use of technology in such a situation to be unforgivable. As it turned out, my friend had taken another flight. I only hope that others who suffered loss due to the crash were not subjected to the same recording before hearing the news of their loved ones.

SETH HOLT RUEF.
Tuntange, Luxemburg.

Hong Kong, With Bugs

Regarding "Hong Kong: The Old Days Aren't What They Could Be" (Meanwhile, Nov. 24):

Patrick L. Smith suggests that Hong Kong is sinking, citing the presence of cockroaches on the bar at the foreign correspondents club and a wait of 35 minutes at Hong Kong's largest bank.

Well, my wife and I recently spent two weeks in New York. Six large banks refused to cash our traveler's checks, and there was plenty of dirt. Still we enjoyed every minute of our stay. New York is a great city.

And I believe Hong Kong has a great future. To see this, one has to look beyond a few cockroaches.

EDWARD van KESSENICH,
Consul General,
of the Netherlands.
Hong Kong.

American, Just For Fun

Regarding "Europe, Too, Can Create" (Letters, Nov. 22):

I can't say that I disagree, strictly speaking, with Eugene Schulman's comparison of American films and television to those of European origin. But he fails to consider a major entertainment gap that is filled by the same American productions that he calls "the lowest common denominator in entertainment."

On the whole, French, German and Italian films provide more intellectual stimulation, social reflection and "pure art" than their U.S. counterparts. But for most of my French and expatriate friends in Paris, American films and television fill the gap for "pure entertainment."

After a long day at work, one often needs simply to be entertained — to laugh, cry, fantasize or be scared out of one's wits. American entertainment satisfies this need.

ALTA CARROLL.
Paris.

Western Defense: Norway Is Contributing Its

Regarding "NATO Ministers Urge European Efforts," Dec. 2):

The article did not do justice to the complexities of the "burden sharing" issue within NATO, to the balanced and extensive NATO report upon which it was based, or to the countries selected for a one-sentence judgment.

In a summary of points in the report, the article said, "Norway needed to do a great deal to contribute its fair share to Western defense and modernize its weaponry." This is oversimplified and inaccurate.

To illustrate, if one selects two easily available indicators, such as defense expenditures in proportion to gross domestic product and the number of people really mobilizable in case of war in proportion to total population, the figures for the United States are 6 percent and 2 percent, respectively, while the figures for Norway are 3 percent and close to 8 percent. But these indicators do not in themselves lead to an objective judgment as to which nation carries the heaviest defense burden.

If Norway, with its armed forces based on universal conscription for men, decided to pay its soldiers the equivalent of U.S. military pay, its defense expenditures in proportion to GDP would increase by at least 50 percent. When the United States compares American and Soviet defense expenditures, the cost of Soviet manpower is calculated in terms of the American pay scale for reasons of "just comparison." Why not apply the same method when comparing American and West European defense efforts?

The NATO report states that Norway's growth rates of defense expenditures have been among the best in the alliance, that Norway has a highly structured total defense effort and can mobilize extensive resources in a very short time, and that Norway's force modernization effort is among the highest in the alliance in terms of percentage of the budget committed. Norwegian defense expenditures per capita are the second highest in NATO.

The large Norwegian mobilization force makes an extensive weapons modernization program difficult to implement. However, this dilemma of quantity versus quality is not particular to Norway.

The NATO report contains detailed information about how Norway contributes to Western defense in a number of vital areas, for example surveillance and reconnaissance, training areas and large military exercises, and pre-stocking for allied forces. To imply that Norway does not contribute its fair share is not based on the facts.

BAARD B. KNUDSEN.
Oslo.



هكذا من الأصل

Iran Divided Over How to Wage Peace

By Elaine Sciolino
New York Times Service

Five months after Iran embraced a cease-fire in the eight-year war between Iran and Iraq, the government is struggling over how to rebuild its economy and recast its goal of "war until victory" to an ideology suited to peace.

As foreign bankers and businessmen rush to Tehran with visions of striking it rich, Iran's largely clerical leadership is arguing over some of the most fundamental decisions facing the country — decisions largely ignored during the war that have taken on new urgency with peace.

The degree to which these issues have dominated internal debate was illustrated last month after the bombing of a Pan American World Airways 747 over Scotland. Iran's leaders denied responsibility, expressed sympathy for the victims and quickly dropped the subject.

They dismissed the effort to blame Iran as a plot, and even American intelligence officials doubt the involvement of the little-known pro-Iranian group that claimed credit for the blast.

The internal debate — on issues as far-ranging as the wisdom of foreign investment to the degree of individual freedom — is so intense that it has spilled into the open, dominating official speeches, parliamentary debates and radio and newspaper commentaries.

The nature of the discourse has shifted from making war to making peace, as the country's leaders seek to accommodate a weary population and prove their maturity and reliability to a somewhat skeptical outside world.

Some governmental actions illustrate the tensions and contradictions that continue to plague the revolution.

Since summer, France and Britain have resumed full diplomatic relations with Iran. Italy, West Germany, Canada, Denmark, Spain, Turkey, Japan and the Soviet Union, among others, have taken steps to increase trade ties. But President-elect George Bush has made no new policy statement on Iran since the election, and aides have said he is in no hurry to reach out to Iranian leaders.

Running counter to the trend toward liberalization, however, is the recent wave of political executions. According to State Department estimates, Tehran executed between several hundred and 2,000 people between late July and early September.

It is difficult to label Iran's factions precisely, but on one side of the debate are revolutionary "purists" who insist on a state-run economy, self-sufficiency, harsh justice and an end to profiteering.

On the other side are "pragmatists" who support greater participation of the private sector, more individual freedom and the use of foreign capital and expertise.

The government controls banking, insurance, major industries, about 80 percent of foreign trade and much urban property and agricultural land.

Hashemi Rafsanjani, the speaker of the Majlis, or parliament, who has spearheaded the campaign for economic change and expanded foreign ties, acknowledged the problems in a speech in October.

"We still have not been able to clarify for people economic benefits as befits Islam, as we have differences of opinion among ourselves over these issues," he said. "We have not yet tackled the day-to-day aspects of Islamic rule."

Probably the most blistering attack of the "purist" line came in a letter from Ayatollah Hussein Ali Montazeri, the protégé of Iran's leader, Ayatollah Ruhollah Khomeini, to Prime Minister Mir Hussein Moussavi, who has insisted on strong state intervention.

The letter cited "shortages, injustices, inflation, lack of sufficient income, extreme price discrepancies — the source of which is the government itself — lack of expertise and compassion, a miserly attitude, rigidity of certain trade officials in the country's import-export sector, interference and usurpation by many organizations."

He said those elements had "totally paralyzed the country's economic situation."

In a veiled criticism of Mr. Moussavi's unsuccessful resignation attempt in September to protest his diminishing power, Ayatollah Montazeri said, "The actual running of the country is in the hands of immature children who hold grudges."

Among Ayatollah Montazeri's recommendations were the replacement of "miserly, rigid and inconsiderate" officials, an end to rationing, a more merciful use of arrests and punishments, a general amnesty to entice Iranians living abroad to return home and the elimination of duplicate offices and organizations.

Ayatollah Khomeini has done little to resolve the impasse. Since the cease-fire, he has both urged self-sufficiency and approved greater foreign participation in reconstruction. Asked by a member of his secretariat in a letter in November whether Socialists or free-traders should prevail, the 86-year-old leader said he "approves both and neither."

"The Iranian state has not pioneered a way out of the dilemma of developing states," wrote Fouad Ajami, a professor at Johns Hopkins University in Baltimore, in the current issue of Foreign Affairs. "It remains caught between populist pressures from below and powerful interests in the private sector."

But an important battle in favor of foreign participation and foreign credit was won when the West German foreign minister, Hans-Dietrich Genscher, and a 112-member delegation visited Iran in November.

Iranians said they would accept West German credits over the next two years to pay for a number of projects, and preliminary agreements have been made to help Iran reconstruct its cement, glass, steel and prefabricated housing industries and to train 200 engineers in Germany.

Iran's internal battles have not deterred foreigners from both East and West from positioning themselves to do business. The Tehran International Trade Fair in early September, for example, was so popular that Iranian officials had to turn away hundreds of foreign companies.

As part of their postwar campaign, some Iranian leaders have focused on refining their image and adapting revolutionary ideals to the new political reality.

Instead of being portrayed as "ignorant, adventurist terrorists," said Mr. Rafsanjani recently, Iranians should export revolution by taking part in every international arena, from the United Nations to the Olympics.

Sri Lanka Installs a New President And India Calls Back 2,000 Troops

Compiled by Our Staff From Dispatches

COLOMBO — Ranasinghe Premadasa was sworn in as the Sri Lankan president Monday, a day after India announced that it would begin reducing the size of its peacekeeping force in Sri Lanka in coming days.

The announcement of a withdrawal of 2,000 troops followed talks Saturday in Islamabad, Pakistan, between the outgoing Sri Lankan president, Junius R. Jayawardene, and Prime Minister Rajiv Gandhi of India. They were attending a meeting of regional heads of government.

There are 45,000 to 50,000 Indian troops in Sri Lanka, according to Indian officials. The troops are battling the last of the ethnic guerrilla armies still in the field, the Liberation Tigers of Tamil Eelam. More than 600 Indians have been killed.

Mr. Premadasa, 64, bitterly opposed the introduction of Indian forces in 1987, when he was Sri Lanka's prime minister.

On Monday, after taking the oath of office in the town of Kandy, he called for peace and understanding among different communities.

But he added: "Our own affairs must be conducted in a manner that makes foreign intrusion unnecessary.

"I will not surrender an inch of Sri Lankan territory. Whatever the cost, I will not sacrifice a shred of our sovereignty," he told hundreds of thousands of spectators.

He said that under his leadership Sri Lanka would continue a strict nonaligned foreign policy, cut back on military spending and step up development activity.

In an apparent reference to antigovernment Sinhalese rebels, Mr. Premadasa reiterated his offer to have talks with "those who are yet to join the democratic process."

In a meeting with India's ambassador after the Sri Lankan election Dec. 19, Mr. Premadasa asked that India consider reducing its military force, the ambassador, J.N. Dixit, said Sunday in Colombo.

The Indian statement said the decision to start reducing the peacekeeping force was made because Sri Lanka had carried out its part of the agreement on the suppression of the insurgency among the ethnic Tamil minority.

It cited elections in the newly unified and recently pacified north and east, where Tamils form a majority or a substantial percentage of most areas.

The Indian announcement preempted any unilateral moves from Mr. Premadasa, who faces a violent backlash among the Sinhalese majority, fueled by opposition to the Indian military presence.

He would like to bring the Sinhalese militants, who tried to stop the presidential election by violence, back into politics before parliamentary elections Feb. 15.

Sri Lankan officials said they expected Mr. Premadasa to eventually abrogate the Indian-Sri Lanka accord and sign a treaty of friendship with New Delhi instead.

(NYT, AFP)

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(w) Al-Mal Trust, S.A $ 309.21
(r) Managed Currency $ 1180.53
(r) Futures $ 751.00
(w) Equity $ 1032.84
(w) Bond $ 1043.73
ALPHA ASSET MANAGEMENT LTD.
(m) Alpha Global Fund $ 511.29
(w) Nicholas-Applegate Aurelia $ 115.59
APAX FINANCIAL CORP.
Maritime house, POB N-65 Nassau.
(m) Americapital NV. $ 88.05
BANK JULIUS BAER & CO. Ltd.
(d) Baerbond SF 941.00*
(d) Conbar SF 1726.00*
(d) Equibaer America SF 1430.00*
(d) Equibaer Europe SF 1373.00*
(d) Equibaer Pacific SF 1583.00*
(d) Stockbar SF 1903.00*
(d) SFR-BAER SF 1015.00*
(d) Swissbar SF 2281.00*
BAII MULTICURRENCY
(r) Multicurrency US$ $ 1,241.48
(r) Multicurrency Ecu ECU 1,122.38
(r) Multicurrency Yen Y 234,581.00
(r) Multicurrency FFR FF 10,854.40
BNP INTERFUNDS
(w) Interbond Fund $ 184.28*
(w) Intercurrency US$ $ 10.66
(w) Intercurrency DM DM 30.48
(w) Intercurrency Sterling £ 10.51
(w) Intercurrency Managed $ 10.44
(w) Interequity French Offer $ 13.13
(w) Interequity Pacific Offer $ 15.25
(w) Interequity N. Amer. Offer $ 11.76
(w) Interequity European Class $ 8.72
(w) Interequity Australia Cls $ 10.17
(w) Interlux Capital Belgian LF 54,117.00
(w) Interlux Cap.Fr Securite FF 10,908.53
(w) Interlux Capital FFr FF 12,746.94
(w) Interlux Cap.France Cap. FF 10,723.25
(w) Interlux Cap. LUF/BEF LF 66,849.00
(w) Interlux Capital ECU ECU 1,216.32
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Share Distributor Guernsey 0481 26614
(w) Int'l Equity Fund (Sicav) $ 10.60
(w) Int'l Bond Fund (Sicav) $ 10.67
BANQUE INDOSUEZ
(w) Asian Growth Fund $ 24.76
(w) Asian Income Fund $ 9.14*
(w) Diverbond SF 85.15
(w) FIF-Internat. Div.A $ 17.27
(w) FIF-Internat. Div.B $ 17.61
(w) FIF Internat.America $ 13.74
(w) FIF Internat.Europe $ 25.41
(w) FIF Internat.Japan Y 1,032.00
(w) FIF Internat.Pacific $ 40.65
(w) FIF Int. Nat. Res. A $ 10.03
(w) FIF Int. Nat. Res. B $ 10.03
(w) France Blue chips No 1 FF 104,283.52
(w) France Blue chips No 2 FF N/C
(w) France International FF 92.76
(w) Indosuez Multibonds Div.A $ 128.26
(w) Indosuez Multibonds Div.B $ 269.02
(w) Indosuez Multibonds DM DM 102.18
(w) Indosuez Multibonds US$ $ 103.47
(w) Indosuez Multibonds YEN Y 10,120.00
(w) IPNA-3 $ 1120.00
(w) The Siam Fund $ 11.60
(w) Pacific Gold Fund $ 11.46
BANQUE PRIVEE E. DE ROTHSCHILD
(b) Cursitor BP Fixed Inc.Fund DM 96.56
(b) Cursitor BP General Fund DM 114.70
(b) Daiwa Lcf Equity $ 991.15
(b) Daiwa Lcf Intl. Bond $ 1046.08
(b) Eagle Fund LF 9624.00
(w) Ecu D'Or ECU 96.49
(b) Governm. Sec. Fund* $ 76.77
(w) Isis Sicav FL 10221.5[illegible]
(w) Leicom $ 2071.58
(b) Opportunities Fund $ 798.56
(d) Pacific Nies Fund $ 18.02
(b) Pritrap fund DM 43.99
(b) Prifirst $ 498.40
(b) Pri-Tech $ 1195.47
(w) Rente Plus BF 54084.00
(f) Select. Horizon Dev. FF 51230.85
(f) Select. Horizon FF FF 54414.39
(b) Source Sicav $ 11.34
(b) Star Conv.Fund FL FL 9890.00
(b) Star Conv.Fund USD $ 97.02
BANQUE SCANDINAVE EN SUISSE-GENEVA
(w) BSS Bond Fund SF 75.77
(w) BSS Intelsec. SF 1514.51
(w) BSS Int'l Bond $ 1.210
(w) BSS Int'l Equity $ 1.865
B.F.A.C.M.
(w) Ecu Multiplacement ECU 1152.83
BROADGATE INTERNATIONAL FUND
(d) $ Money Market $ 11.76
(d) Non-$ Money Market DM 29.30
(d) $ Bond $ 12.13
(d) Non-$ Bond DM 31.22
(w) Global Equity $ 15.82
(w) Global Bond $ 13.03
(w) Global Bond & Equity $ 13.08
(w) Prec. Mets/Min. Secs $ 6.55
B.W MANAGED ASSETS CY. SICAV
(f) Global Bond Fund ECU 10.50
(f) European Securities Fund ECU 11.26
(f) French Securities Fund FF 113.27
(f) North American Secu.Fund $ 9.75
(f) Pacific Basin Secu. Fund $ 9.95
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(d) Fructilux-Obl.FSES FF 5,433.86
(d) Fructilux-Obl.Euro ECU 1,025.36
(w) Fructilux-Act.Fses FF 6,488.96
(w) Fructilux-Act.Euro ECU 1,092.85
(d) Fructilux-Tresorier FF 5,419.82
CALLANDER
(w) Callander Emer. Gr. $ 94.64
(w) Callander Fund-Asset $ 100.50
(w) Callander Fund-Span. Ptas 10,078
CAPITAL INTERNATIONAL
(w) Capital Int'l Fund $ 79.42
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(d) Oblicic Monetaire FF 10794.01
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(w) GSAM Interest Inc. DM 100.87
(w) GSAM Interest Inc. Y 12,016.00
G.T. MANAGEMENT PLC
(r) G.T. Applied Science $ 13.51
(d) G.T. ASEAN Fund $ 29.14
(d) G.T. Asia Fund $ 10.95*
(d) G.T. Australia Fund $ 31.26*
(d) G.T. Berry Japan Fund $ 31.10*
(d) G.T.Biotechn./Health Fund $ 7.72
(d) G.T. Bond Fund $ 17.04*
(w) G.T. Britain Fund £ 8.18
(d) G.T. Deutschland Fund $ 9.53
(d) G.T. Dollar Fund $ 16.33*
(d) G.T. Europe Fund $ 26.33
(d) G.T. Euro. Small Cos. Fund $ 24.15
(d) G.T.Global Small Cos.Fund $ 11.15
(d) G.T.Global Technology Fd $ 16.47*
(d) G.T. Hong Kong Fund $ 23.96*
(d) G.T. Honshu Pathfinder $ 9.27
(d) G.T. Investment Fund $ 10.46*
(w) G.T. Japan Sml Co.Fd $ 11.04*
(w) G.T. Nat Res. Fd Gold Class $ 7.55
(d) G.T. Newly Ind. Countr. Fd $ 22.64
(d) G.T. Select Dollar Bd Pfl $ 9.13
(d) G.T. Select Intl Bd Pfl. $ 11.94*
(d) G.T. Select Gilt Pfl. £ 9.21*
(r) G.T. Technology Fund $ 29.46
(d) G.T. U.K. Small Companies £ 9.70
(d) G.T. Univ.Growth Fund £ 10.04
(d) G.T. U.S. Small Companies $ 10.01
HILL SAMUEL INVEST. MGMT. INTL. S.A.
Jersey, P.O. Box 63, Tel 0534 76029
Berne, P.O. Box 2622, Tel 4131 224051
(d) Crossbow (For East) SF 15.77
(d) CSF (Balanced) SF 32.66
(d) European Equity Fund DM 14.88
(d) Intnl. Bond Fund $ 13.27
(d) Int. Currency U.S.Manag'd $ 25.25
(d) ITF Fd (Technology) $ 18.73
(d) O'Seas Fd (N. AMERICA) $ 41.44
(d) Int. Currency U.S. $ 22.16

IAM, 2 Bd. Royal LUXEMBOURG
(d) Iam Flagship Fund ECU 96.07
(w) Iam Bonds Fund-France FF 531.87
(w) Iam Bonds Fund-Deutsch DM 209.51
(w) Iam Bonds Fund-Japan Y 10,952.64
(w) Iam Bonds Fund-Switz. FS 205.44
(w) Iam Bonds Fund-U.S.A $ 105.86
(w) Iam Bonds Fund-Europe ECU 109.32
(w) Iam Bonds Fund-Netherl FL 213.96
INTERSELEX GROUP
(d) Int.America Fund $ 13.70*
(d) Int.Belgo Fund LF 3060.00
(d) Int.Europa Sicav LF 5524.00
(d) Int.Pacific Fund $ 1367.91
(d) Int.World Fund $ 93.22
JARDINE FLEMING, GPO Box 11448 Hg Kg
(d) J.F Japan Trust Y 12,005.00
(d) J.F Pacific Sec. Trust $ 26.06
(d) J.F Pacific Income Trust $ 85.28*
(d) J.F Hong Kong Trust $ 61.21*
(d) J.F International $ 12.28
(d) J.F European $ 9.03
(d) J.F Currency & Bond $ 14.83
LLOYDS BANK PLC, POB 438, Geneva 11
Mrs. C. Berteletti, (22) 208611/ext. 2222.
+(w) Lloyds Int'l Dollar $ 186.30*
+(w) Lloyds Int'l Europe SF 155.10
+(w) Lloyds Int'l Growth SF 203.40
+(w) Lloyds Int'l Income SF 280.00
+(w) Lloyds Int'l N. America $ 131.45
+(w) Lloyds Int'l Pacific SF 232.30
+(w) Lloyds Int'l. Smaller Cos $ 15.40
MAGNUM FUTURES FUND LTD.
(m) Sterling Class £ 5.00
(m) U.S Dollar Class $ 10.00
MERRILL LYNCH
(d) Dollar Assets Portfolio $ 1.00
(d) First Convertible Sec. Fd $ 11.09
(d) Iberia portfolio $ 9.71
(d) Multi-Curr. Bond Portfolio $ 13.45
(d) U.S.A Income Portfolio $ 9.09
(d) US Federal Securities $ 9.52
(d) World Nat Res Pfl. Share A $ 9.20
(d) World Nat Res Pfl. Share B $ 9.13
MIM BRITANNIA, POB 271, St. Helier, Jersey
(d) Int.High Income $ 2.422
(d) Dollar Man.Curr $ 14.66*
(d) Dollar Man. Port $ 1.932
(d) Sterling Man.Port £ 1.521
(d) Pioneer Markets £ 2.199
(d) U.K. Growth £ 8.912
(d) Amer. Inc. & Growth $ 1.329
(d) Gold & Prec. Metals $ 0.980*
(d) Sterling Man. Curr. £ 17.14
(d) Japan Dollar Perf. Fd $ 4.014
(d) Jersey Gilt £ 0.795
(d) Okasan Global Strat $ 16.28
(d) Asia Super Growth Fund. $ 10.24
NIMARBEN
(w) Class A $ 119.98
OBLIFLEX LIMITED
(w) Multicurrency $ 28.09
(w) Dollar Medium Term $ 14.78
(w) Dollar Long Term $ 13.84
(w) Japanese Yen 28.34
(w) Pound Sterling £ 14.63
(w) Deutsche Mark DM 12.80
(w) Dutch Florin FL 13.08
(w) Dutch Florin Multi. FL 10.20
(w) Swiss Franc SF 11.74
(w) Swiss Multicurrency SF 11.73
(w) European Currency ECU 14.02
(w) Convertibles $ 9.92
(w) Swiss Multi-dividend SF 9.93
ORANGE NASSAU GROUP
PB 85578, The Hague (070) 469670
(d) Sever Beleggingen++ $ 25.50
PARIBAS-GROUP
(d) Belux Fund LF 10,595.00
(w) Cortexa International $ 108.74
(d) Ecupar ECU 1,341.73
(d) Far East Growth Fund $ 147.82
(d) Luxor $ 9.36
(d) Parell-Fund $
(d) Parsurope Growth $ 18.35
(d) Parinter Fund $ 208.41
(d) Par US Treas. Bond 'Cl. B' $ 140.58
(d) Europhenix FF 1,229.22
(d) Parinter Bond Fund $ 13.67
(d) Obli-Franc FF 1,160.09
(d) Obli-dm DM 1,221.24
(w) Obligestion SF 92.85
(w) Obli-Dollar $ 1,192.52
(w) Obli-Yen Y 106,649.00
(w) Obli-Gulden FL 1,052.[illegible]
(w) Parsuisse SF 1,294.60
(w) Partopan Y 3,088.00
PERMAL GROUP
(m) Drakkar Growth $ 1512.85
(m) Nascal Ltd $ 1063.78
(m) Select Equities Ltd $ 893.90
(m) Special Opportunities Ltd $ 1553.71
(m) Value N.V. $ 1073.19
PIERSON, HELDRING & PIERSON N.V.
POB 243, 1000 AE Amsterdam, (20-211188)
(w) Asia Pac. Growth Fd N.V. $ 29.29
(w) DP Amer. Growth Fd N.V. $ 21.36
(w) DP Energy Resources $ 32.27
(w) Europe Growth Fund N.V. FL [illegible]
(w) Japan Diversified Fund $ 57.98
(w) Leveraged Cap Hold $ 283.59
(w) Tokyo Pac. Hold. (Seal) $ 189.82
(w) Tokyo Pac. Hold. N.V. $ 232.32
PUTNAM
(d) Emerging Hlth Sc. Trust $ 12.86
(d) Putnam Em. Info. Sc. Tr $ 11.52
(d) Putnam Int'l Fund $ 9.89
ROBECO GROUP
POB 973, Rotterdam (10-4650711)
(d) Robeco FL 97.20
(d) Rolinco FL 92.40
(d) Rorento FL 60.70
(d) Rodamco FL 154.40
ROYAL B. CANADA, POB 246, GUERNSEY
+(w) RBC British Fund Ltd. £ 4.83*
+(w) RBC Canadian Fund Ltd C$ 13.02*
+(w) RBC European Fund $ 10.94
+(w) RBC Far East&Pacific Fd $ 32.71
+(w) RBC Int'l Capital Fd $ 47.36
+(w) RBC Int'l Bond Fund Ltd. $ 12.13
+(d) RBC Man.Currency Fd $ 38.01
+(w) RBC North Amer. Fd $ 12.79
ROYAL TRUST ASSETMIX FUND
Lux.Tel: (352) 48061
EQUITY FUNDS
(d) Alpha UK £ 1.00
(d) Alpha US$ $ 1.00
(d) Alpha Worldwide SF 5.00
(d) Alpha Japanese Y 998.00
(d) Alpha Pacific Rim $ 1.00
(d) Alpha European ECU 1.00
(d) Gold Share $ 0.98
BOND FUNDS
(d) Sterling Pound £ 99.32
(d) US$ Bond US$ 98.98
(d) Deutschmark Bond DM 50.10
(d) Alpha Worldwide SF 49.95
RESERVE FUNDS
(d) Sterling Reserve £ 10.09
(d) US$ Reserve $ 10.04
(d) Deutschmark Reserve DM 10.02
SHEARSON LEHMAN HUTTON
(d) Offshore Multiple Opps. $ 9.72
OFFSHORE PORTFOLIOS (OP)
(d) OP Global balanced $ 10.85
(d) OP Precious Metals $ 9.37
(d) OP Global Bond $ 10.25
(d) OP US Share $ 10.36
(d) OP Global Equity $ 11.00
(d) OP Pacific Equity $ 10.09
(d) OP Euro Equity $ 10.63
(d) OP US Govt Securities $ 10.25
(d) OP Global Money Market $ 9.79
(d) OP US Money Market $ 10.00
INTERNATIONAL PORTFOLIOS (IP)
(d) IP Global Balanced $ 10.85
(d) IP Precious Metals $ 9.05
(d) IP Global Bond $ 10.31
(d) IP US Share $ 10.54
(d) IP Global Equity $ 10.38
(d) IP Pacific Equity $ 10.27
(d) IP Euro Equity $ 10.59
(d) IP US Govt-securities $ 10.26
OFFSHORE SHORT-TERM INVEST. (OSI)
(d) OSI Deutsche Mark $ 9.25
(d) OSI Japanese Yen $ 9.71
(d) OSI Pound Sterling $ 9.64
(d) OSI US Dollar $ 10.00
(d) OSI Managed Currency $ 9.84
(d) OSI Canadian Dollar $ 10.51
SKANDIFOND
SKANDINAVISKA ENSKILDA BANKEN
(w) Equity Intl Acc $ 10.67
(w) Equity Intl Inc $ 10.29
(d) Equity Global $ 8.96
(w) Equity For East $ 1.54
(w) Equity Gold $ 0.84
(w) Equity Japan Y 188.00
(d) Equity Nordic $ 0.97
(d) Equity U.K. £ 0.97
(d) Equity Continental Europe $ 0.97
(d) Equity Mediterranean $ 0.97
(d) Equity North America $ 0.97
(w) Bond Intl Acc $ 7.95
(w) Bond Intl Inc $ 7.07
(w) High Income Acc $ 1.02
(w) High Income Inc $ 1.00
(d) DEM DM 0.98
(w) Multicurrency $ 1.0816
(d) FRF FF 1.00
SOCIETE GENERALE GROUP
(w) Sogelux Funds
(w) Sogelux Funds A $ 10.84
(w) Sogelux Funds B DM 21.22
(w) Sogelux Funds C FF 82.16
(w) Sogelux Funds D SF 20.00
(w) Sogelux Funds E £ 7.73
(w) Sogelux Funds F Y 1618.00
(w) Sogelux Funds G ECU 11.15
(w) Sogelux Funds H $ 11.39
(w) Sogelux Funds J BF 536.00
(w) Sogelux Funds K $ 10.87
(w) Sogelux Funds L ECU 10.35
(w) Sogelux Funds M YEN 1596.00
(w) Sogelux Funds P $ 10.09
(w) Sogelux Funds Q $ 9.37
(w) Sogelux Funds R $ 10.48
(w) Sogelux Funds S FF 105.80

(w) Sogelux Funds T ECU 10.37
SVENSKA HANDELSBANKEN
146 bd de la Petrusse, L-2330 Luxembourg
(b) SHB Bond Fund $ 41.20
(w) Svenska Select.Fd Intl Sh. $ 47.00
(w) Svenska Select.Fd American $ 9.82
(w) Svenska Select.Fd Asia Shs $ 9.16
SWISS BANK CORP. (ISSUE PCES)
(d) AmericaValor $ 378.25*
(d) AngloValor £ 156.19*
(d) Dollar Bond Selection $ 138.25
(d) D-Mark Bond Selection DM 125.58
(d) Ecu Bond Selection ECU 107.57
(d) Florin Bond Selection FL 127.68
(d) FranceValor FF 1573.20*
(d) GermaniaValor DM 428.71*
(d) ItalValor L 1,458,105.00*
(d) Japan Portfolio $ 390.75*
(d) SBC US$ MMF $ 5394.09
(d) Sterling Bond Selection £ 111.96
(d) Swiss Foreign Bond Selec. SF 113.43
(d) Swissvalor SF 347.50*
(d) Universal Bond Select. SF 77.25*
(d) UniversalFund SF 114.50*
(d) Yen Bond Selection Y 12,132.00
THORNTON MANAGEMENT Ltd.
(d) Thornton Intl opps.fund $ 1.99
(d) Pacific Invt. Fd. S.A. $ 8.59
(d) Pac.Invt. Warrants Fd.S.A. $ 3.59
(d) Thornton Kangaroo Fd Ltd. $ 10.07
(d) Thornton European Fund $ 6.69
(d) Thornton HK & China $ 11.89
(d) Thornton Japan Fund Ltd $ 26.14
(d) Thornton Orient.Inc. Fd Ltd $ 18.81
(w) Thornton Phil. Redev. Fd $ 32.72
(d) Thornton Tiger Fund Ltd $ 21.27
(d) Thor.Pacific Tech.Fd Ltd $ 11.45
(d) Thor.Lill. Dragons Fd Ltd $ 13.11
(d) Thor.Golden Opport.Fd $ 6.75
(d) Eastern Crusader Fund $ 6.25
(w) The Global Access Fund $ 9.69
TYNDALL INT'L GUERNSEY Ltd
Tel. 0481 27963
(d) High Yield Bond 73.88
(d) Marunouchi 67.10
(d) Hi Inc Gilt & Bulldog 107.2
(d) Gilt 119.7
(d) Wall Street 195.1
(d) Far Eastern 482.3
(d) 1992 219.3
(d) Mgd Currency-Stlg 105.03
(d) Mgd Currency-Dollar 1.387
(d) Eurobond 28.29
(d) Tiger 30.85
(d) Amer Spec Sits 37.21
(d) Overseas 22.49
(d) Mortgage 12.41
UEBERSEEBANK, ZURICH
(d) M-FUND $ 1025.42
UNION BANK OF SWITZERLAND
(d) Bond-Invest SF 65.00*
(d) DM-Invest bonds DM 213.30
(d) ESPAC Spanish sh SP 182.00*
(d) Fonsa Swiss Sh. SF 180.50
(d) Francit French Sh. SF 180.00*
(d) Germac German Sh. SF 79.00*
(d) Globinvest sh. SF 182.00
(d) S.Fr.-Invest bonds SF 209.00
(d) Sima (stock price) SF 69.00*
(d) UBS Money Mkt Inv. $ 1039.73
(d) UBS Money Mkt Inv. £ 1022.27
(d) Yen-Invest bonds SF 377.50
UNION INVESTMENT Frankfurt
(d) Unirenta DM 37.70
(d) Unifonds DM 27.60
(d) Unirak DM 74.10
(d) Unizins DM 12.60
THE UNIVERSAL GROUP OF FU[illegible]
(m) Canada Gtd-Mortgage Fd. C$ 11.94
(d) Univers Sav Amer C$ 8.96
(d) Univers Sav Equity C$ 11.43
(d) Univers Sav Global C$ 5.06
(d) Univers Sav Pacific C$ 8.65
(d) Univers Sav Nat. Res C$ 5.78
VERYFINANCE LIMITED
PB122 St. Peter Port, Guernsey, 0481-[illegible]
(w) The Islamic Mgmt Fund Ltd. $ 8.38

Other Funds
(r) Actirolssance $ 9.77
(d) Actifinance Intl $ 5.98
(w) Actigestion FF [illegible]
(w) Activest Intl $ [illegible]
(d) Amvabel FL [illegible]
(w) Aquila International Fund $ [illegible]
(d) Arlane $ [illegible]
(w) Atlas Fund SF [illegible]
(r) Australia Fund $ [illegible]
(w) Authority bond shares $ [illegible]
(w) Authority growth shares $ [illegible]
(w) Bahamas Superfund $ [illegible]
(b) Blas Manad Bond Fund $ [illegible]
(d) Berg Nordon Sicav $ [illegible]
(d) Berg Trust Sicav $ [illegible]
(w) Bergen Int'l Fund $ [illegible]
(m) Bonar Currency & Int. $ [illegible]
(w) Bondselex-Issue Pr. SF [illegible]
(w) Cash Gestion FF [illegible]
(d) CB German Index Fund DM [illegible]
(m) Cleveland Offshore Fd. $ [illegible]
(w) Columbia Securities FL [illegible]
(w) Convert. Fd. Int'l A Certs $ [illegible]
(w) Convert. Fd. Int'l B Certs $ [illegible]
(w) Cumber Intl N.V. $ [illegible]
(d) Daiwa Japan Fund Y [illegible]
(d) D.G.C. $ [illegible]
DIVERSIF. BOND FUND
(d) D-mark-Baer Bond Fd. DM [illegible]
(d) Dollar-Baer Bond Fd $ [illegible]
(d) D. Witter Wld Wide Ivt Tst. $ [illegible]
(d) Dreyfus America Fund $ [illegible]
(d) Dreyfus Fund Int'l. $ [illegible]
(w) Dreyfus Intercontinent $ [illegible]
(w) Esprit Sicav ECU [illegible]
(d) Europe Obligations ECU [illegible]
(w) Fairfield Int'l Ltd. $ [illegible]
(w) First Eagle Fund $ 29,208
(w) F.I.T. Fund ff FF [illegible]
(d) Fonditalia $ [illegible]
(w) Fonselex Issue Pr. SF [illegible]
(d) Forexfund Limited $ [illegible]
(w) Formula Selection Fd. SF [illegible]
(d) Frankf-Trust Effekten Fd DM [illegible]
(d) Frankf-Trust Interzins DM [illegible]
(w) George V INV. BOND F. $ [illegible]
(d) Green Line France FF [illegible]
(w) Houssmann Hldgs. N.V. $ [illegible]
(w) Health 2000 Ltd $ [illegible]
(w) Hestia Funds $ [illegible]
(w) Horizon Fund $ [illegible]
(w) Ibex Holdings Ltd. SF [illegible]
(w) IFDC Japan Fund $ [illegible]
(r) ILA-IGB $ [illegible]
(r) ILA-IGS $ [illegible]
(m) IncAmerica N.V. $ [illegible]
(m) IncAsia N.V. $ [illegible]
(w) Interecu Fund ECU 1178.73
(w) Interface Fund Ltd. $ 130.14
(w) Interfund SA $ 36.71
(w) Intermarket Fund $ 357.05
(r) Int'l Securities Fund $ 26.08
(w) Intersec SA $ 3132.61
(d) Investa DWS DM 58.07
(r) Invest Atlantiques $ 14.88
(r) Italfortune Int'l Fund SA $ 41.33
(m) Japan Selection Asses. Y 9,584.00
(w) Japan Selection Fund $ 222.79
(w) Japan Pacific Fund $ 318.94
(w) Kleinwort Bens. Jap. Fd. $ 255.93
(d) KML-II High Yield 12/30/88 $ 1023.00
(w) Korea Growth Trust $ 40.02*
(w) LACO International $ 6.36
(w) Liquibaer $ 1662.00
(m) London Portfolio G'td. I. $
(w) Luxfund $ 96.71
(m) Lynx Sel.Holdings SF 107.21
(w) Maro Ltd $ 56.90
(d) Mediolanum Sel. Fd. $ 36.07
(w) ML-Mor lev H Yld. $ 9.98
(w) NCA FUND $ 10.94
(w) Nippon Fund $ 109.00
(m) NMT Asia Sel. Portfolio $ 163.37
(w) NMT Citadel Bond Ptf. SF 105.02
(m) NMT Nosic Portfolio s/s $ 88.47
(d) NM Inc. & Growth Fund $ 15.54
(d) Nomura-Go Int Eq Fd $ 11.98
(d) Nordmix Lit 10,473.00
(m) NSP F.I.T. $ 250.12
(w) Oppenheimer U.S.Arb. $ 117.57
(m) Overlook Prfor. $ 1045.54
(w) Pancurri Inc. $ 102.76
(w) Prosp. I.H.Lic.P.F.23/12/88 $ 9.88
(w) Protected Prfor. Fund $ 0.72
(w) Quantum Fnd N.V. $ 11,797.72
(d) Rentinvest LF 1165.20
(w) Rep.(Guernsey) Dol. Inc. fd $ 9.52
(w) Samurai Portfolio SF 286.90
(d) Sanyo Kle.Sola Fd $ 9.51
(d) Sarakreek Holding n.v.+++ $ 32.90
(d) SCI/Tech. SA Luxembourg $ 17.84
(w) Spectrafund Ltd. $ 16.34
(d) Stella Fund $ 455.00
(d) Strat Int'l Gd Fund S.A. $ 6.80
(w) Sussex Avon $ 1079.00
(w) Sussex Silverhan $ 820.00
(w) Techno Growth Fund SF 40.45
(d) Templeton Gb Inc. $ 10.65
(m) TIIC(O.T.C) Japan fd SICAV $ 9.70
(w) Trasco Goldmine Inv. $ 3.97
(w) Transpacific Fund $ 258.97
(w) Trans Europe Fund FL 64.20
(w) Tudor B.VI Futures LTD $ 2869.28
(d) Turquoise Fd $ 200.44
(w) Tweedy,Brown n.v.CLA $ 3307.13
(w) Tweedy,Brown n.v.CLB $ 1010.72
(m) Tweedy,Brown(U.K.) n.v. $ 1320.08
(d) Unico Inv.Fund DM 71.75
(d) Unico Equity.Fund DM 55.42
(d) Uni Bond Fund $ 1762.31
(r) Uni Capital Fd $ 1610.62
(d) Univers Bonds DM 125.96
(w) Updyke Fund B $ 227.95
(w) Vanderbilt Assets $ 16.23
(d) Vesper Flux BF 8292.00
(w) Victoria Holding Ltd $ 8859.40*
(w) Willerbond Capit $ 13.40
(d) World Fund S.A. $ 22.26
(d) World Balanced Fund S.A. $ 10.76
(m) Zweig Int'l Ltd $ 77,669.00

A$ - Australian Dollars; BF - Belgium Francs; C$ - Canadian Dollars; DM - Deutsche Mark; ECU - European Currency Unit; FF - French Francs; FL - Dutch Florin; Lit - Italian Lira; LF - Luxembourg Francs; p - pence; Ptas - Pesetas; SF - Swiss Francs; Y - Yen; a - asked; + - Offer Prices; N.A. - Not Available; N.C. - Not Communicated; o - New; S - suspended; S/S - Stock Split; * - Ex-Dividend; ** - Ex-Rts; @ - Offer Price incl. 3% prelim. charge; ● - Paris stock exchange; ++ - Amsterdam stock exchange; e - misquoted earlier; x - not registered with regulatory authority

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هكذا من الاصل

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Herald International Tribune.
BUSINESS/FINANCE
TUESDAY, JANUARY 3, 1989

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INTERNATIONAL STOCK MARKETS

Deficit in Saudi Budget Brings More Bond Sales

By PATRICK WERR
Reuters

NICOSIA — As expected, Saudi Arabia is turning to bonds again in 1989 to finance its budget deficit, despite the reluctance of commercial banks to buy the securities, according to bankers and economists. The borrowing program, the kingdom's first in 25 years, has raised more than 30 billion riyals ($8 billion) since it began in June.

The borrowing has covered most of a 1988 budget deficit and has slowed down a steady drain on foreign reserves. On Monday, King Fahd announced in his 1989 budget statement that the kingdom would issue 25 billion riyals of bonds to cover this year's projected deficit.

Bankers say the bonds issued earlier, offered in two- to five-year maturities, have only had a lukewarm response from the kingdom's commercial banks, with two government agencies taking up most of the fortnightly 1.5 billion riyal issues.

The bonds have been going badly from the banks' point of view.

The country has seen its oil revenue fall from a peak of $101 billion in 1981 to an estimated $16 billion in 1988. King Fahd predicted 1989 budget revenue rising to 116 billion riyals from a projected 105.3 billion riyals in 1988, while spending would be steady at 141 billion riyals. That would leave a deficit of 25 billion riyals, the size of the new bond issue.

Economists believe revenue will not pick up much in 1989 and may even fall, despite an Organization of Petroleum Exporting Countries accord last November to limit output and boost oil prices.

The drop in income has resulted in a series of huge budget deficits and painful spending cuts. Until 1988, Riyadh used its foreign currency reserves to finance the deficits.

Bankers said the bonds have allowed the government to tap a local market flush with funds while letting it avoid politically sensitive dealings with foreign creditors, frowned upon by many Saudis because they deal in interest, which is proscribed by Islam.

"But the bonds have been going badly from the banks' point of view," said one banker in Riyadh. "Banks have been taking up less that half." He said the rest have been purchased by the official Pension Fund and the General Organization for Social Insurance.

THE INSTRUMENTS were initially offered only to Saudi banks and institutions; but banks were later permitted to resell them to local investors.

Calling them "development bonds" the government said their returns would be based on the profits of unnamed development projects, though bankers say the yields have been fixed at between 25 to 50 points above the rates of U.S. Treasury securities with comparable maturities.

These rates should be very attractive to at least some Saudi investors but because of a lack of trading procedures only a few secondary deals have been made, bankers said.

"As long as there is no secondary market, the bonds will remain on the banks' books," another Riyadh-based banker said. "The question is how many medium-term assets the banks are prepared to take."

The Saudi Arabian Monetary Agency has organized a committee of banks to draw up trading guidelines, and bankers are waiting to see if the results, expected shortly, make matters clearer.

The bankers said an alternative way to cut the budget deficit would have been a riyal devaluation, which would have boosted the domestic spending power of Saudi Arabia's oil revennes.

But King Fahd unequivocally ruled out any change in the riyal's value in a statement after last Monday's cabinet meeting, ending persistent rumors that one would be announced with the new budget.

The king's statement, by eliminating exchange-rate risks at least in the short term, may have made the bonds more attractive to investors, bankers said.

French Walnut Growers Find U.S. Trade Row a Timely Boon

By Rebecca Bouygues
Special to the Herald Tribune

LA CHAPELLE AUX SAINTS, France — The French walnut industry, bouncing back from years of devastation by weather and mounting overseas competition, enters the new year with a powerful prop: Sanctions by the European Community on walnuts from the United States, the biggest producer.

The small but important French industry stands to benefit greatly from the trade dispute between the community and the United States. U.S. walnut production is 10 times that of France, but the American produce is on a list of products targeted by the EC for tariff restrictions.

French producers need all the help they can get.

Jean-Paul Mézard, a walnut grower in la Chapelle aux Saints in the Périgord region, remembers 1985 as the winter when frost destroyed more than 1.5 hectares (3.7 acres) of his trees. As a result, he said, he lost between 40,000 and 50,000 French francs ($6,602 and $8,252 at the current exchange rate) in potential annual income.

Yves Borel, a grower in Vinay in the Grenoble region, lost more than 4 hectares. "Over 50 percent of my trees were damaged," he said. "Since the frost, I have lost over one-third of my turnover."

From 1982 to 1985, approximately 325,000 trees were killed by windstorms, drought and frost. Freezing weather in 1985 was the worst since 1956, when many trees were destroyed.

Until 1956, many walnut trees stood isolated in fields. After their loss, French growers replanted in well-maintained orchards and a marginal industry was on its way to becoming nationally organized.

There is still a long way to go, however. The 1985 frost chopped production from an average 30,000 metric tons to 20,000. The 1988 harvest is said to be 18,000 to 20,000 tons.

Bad weather is not the only problem. Increased foreign competition has become a major concern.

France's chief competitor is the United States, the world's largest grower and exporter of walnuts with an annual yield of 200,000 tons and a 55 percent share of the world market. Moreover, American walnuts sometimes undercut the French product.

Other competitors are China, with 131,000 tons; India, 18,000 tons; Italy, 10,000 tons; and Turkey, 10,000 tons.

Last Wednesday, the European Community included U.S. walnuts on its list of products to be restricted in retaliation for U.S. tariffs on European food; those tariffs were imposed in response to an EC decision to ban imports of U.S. beef containing hormones, beginning Jan. 1.

"We are delighted that walnuts will be sanctioned," Mr. Mézard said, "because there are no other tariffs protecting this product." But he said the measures would not have dramatic early results, as most imports for the current season have already been shipped.

Although France imports very few American walnuts, its share of the European market shrank with the arrival of California nuts in 1970, noted Michel Gardent, economist at the Association française des Comités Economiques des Fruits et Légumes, or AFCOFEL, which coordinates national marketing and publicity for French produce.

"The Americans produce good quality walnuts and can be severe in choosing 40,000 tons for exporting, given their large annual production," said Mr. Gardent.

In 1987, France exported 5,495 metric tons of walnuts in shells, worth 65.91 million francs, and 2,329 tons of shelled walnuts, or kernels, worth 103.56 million francs. The main markets are in Europe.

In the absence of tariffs, the French must cut costs to remain competitive.

"We must fight back," said Mr. Mézard, "by improving our productive capacity and by promoting a selection of products," such as fresh walnuts in the shell, dried nuts and kernels.

"If we want to promote French walnuts, our growers must learn to irrigate and spray the trees and to harvest and dry the fruit correctly," said Mr. Mézard, who is treasurer of the National Interprofessional Walnut Board, or BIN, formed from the membership of the Regional Interprofessional Federation of Périgord Walnuts, or FRINOP — of which he is vice president — and the Interprofessional Committee of Grenoble Walnuts, or CING.

Fresh walnuts, rinsed and packed while humid, are more trouble to produce but command a higher price during their short season: starting each Sept. 25 and lasting about one month. Mr. Mé-

See NUTS, Page 8

Renault Quiet on Japan Tie

Declines Comment On Toyota Report

Compiled by Our Staff From Dispatches

PARIS — Renault, the government-owned French automaker, indicated Monday that a weekend report in Tokyo about it forming a link with Toyota Motor Corp. this year could have been overstated.

On Saturday, Toyota officials were quoted as saying that cooperation with Renault could begin with the joint production of several thousand Toyota four-wheel-drive vehicles in Colombia as early as next year.

Quoting senior Toyota executives, the Kyodo news agency reported the link between the companies, to be signed as early as next March, also included a joint production plan to build about 100,000 Toyota cars a year at a Renault plant in France starting in 1993.

But a Renault spokesman on Monday refused to comment on the possibility of French production; and he said that Toyota was only one of several companies that might cooperate in production with Safasa, a Colombian subsidiary. Safasa is 50.2 percent owned by the Colombian government.

Renault turns out its models 4, 9, 21 and Nevada in Medellin. The spokesman said the French automaker was looking for a partner to produce a four-wheel-drive pickup truck in Colombia to complement its other models, but that several companies were being considered.

Toyota said it intended to obtain 15 percent of the equity capital of Safasa. If such an agreement comes about, it would be the first between Japanese and French carmakers, and it would give Toyota a presence in Europe ahead of the scheduled 1992 elimination of trade barriers among members of the European Community.

Toyota has lagged behind rival Japanese carmakers such as Nissan Motor Co. and Honda Motor Co. in securing a production foothold inside the European Community. Both companies produce cars in Britain. *(IHT, AFP, Reuters)*



Reuters

Helmut Maucher, right, managing director of Nestlé, with Kenneth Dixon, chairman of Rowntree, at a June press conference following Nestlé's purchase of the British candymaker.

Nestlé Confidently Facing a Crunch

Food Giant Must Deal With Smorgasbord of Problems

By Steven Greenhouse
New York Times Service

VEVEY, Switzerland — For Nestlé SA, the world's largest food company, there is trouble in this Alpine paradise.

The plunge in the dollar has taken a huge bite out of Nestlé's revenues and profits, while the takeover of Kraft Inc. by Philip Morris Cos. will soon create a far larger challenger.

Nestlé's recent decision to let foreign investors buy its voting shares, which had been limited to Swiss citizens and institutions, has enraged many shareholders and plunged the Swiss stock market into turmoil.

What is more, several groups are again calling for a boycott of Nestlé because of how it markets infant formula in the Third World, raising the specter of a painful replay of a similar boycott that ended in 1984.

Despite all the turmoil, Nestlé's managers do not seem particularly rattled, taking their lead instead from Helmut Maucher, the company's strong-willed chief executive.

"If we do our job properly, there is nothing to be afraid of," said the 61-year-old Mr. Maucher, who took charge in November 1981.

When one looks at Mr. Maucher's record, it should come as no surprise why he exudes self-confidence. The first German to head Switzerland's largest company, he has pumped life and personality into what was long a sleepy, faceless giant.

Notwithstanding the recent ravages caused by the dollar's fall, he has doubled Nestlé's profits, tripled its U.S. sales and lengthened its lead as the No. 1 food company in sales worldwide, with more than 300 brands sold in 160 countries. The company is expected to ring up $26 billion in sales in 1988, including nonfood operations.

It was Mr. Maucher who triggered the wave of food industry megamergers: Nestlé's acquisition of the Carnation Co. for $3 billion in 1985 was at the time the largest nonoil acquisition in U.S. corporate history.

In 1988, he spent a total of $5.5 billion to buy Buitoni SpA, the pasta giant, and Rowntree PLC, the largest British chocolate maker. And he says Nestlé might buy a chunk of RJR Nabisco if it is broken up in the wake of its takeover.

"Maucher has used acquisitions to help pep up the corporate culture and get the whole organization thinking about growth," said Paul Strebel, a professor at the Imede business school in nearby Lausanne. "He has management thinking about growth rather than just defending market share."

Along the way, Mr. Maucher has broken one Nestlé taboo after another. In a company famous for inventing instant coffee, he started to sell roast and ground coffee. In a company that eschewed hostile takeovers, he made an unwelcome bid in battling a key competitor for Rowntree.

"We are business people and we cannot be imprisoned by any dogmatic policies," Mr. Maucher said recently as he hunched forward in a brown leather chair in his modest office here at Nestlé's lakeside headquarters.

The 35-year Nestlé veteran, whose formal title is managing director, has decentralized decision-making, shortened lines of communication and lopped off layers of management.

Through his one-man crusade, he has changed the psyche of this 200,000-employee company from conservative and risk-averse to aggressive and risk-taking. When he first took over, he actually asked many managers, "Are you part of the solution or part of the problem?"

The change extends to corporate strategies as well. Nestlé diversified into cosmetics and pharmaceuticals in the 1970s because it saw a stagnant future for food. Nestlé now owns Alcon Laboratories Inc., based in Fort Worth, Texas, which is world's largest maker of eye-care products, and a

See NESTLE, Page 8

Tax Surprise Stuns Bourse In Stockholm

Reuters

STOCKHOLM — The Stockholm bourse, which in 1988 was one of the world's hottest stock markets, opened the new year on a sour note as prices plunged in reaction to a surprise tax package announced by Finance Minister Kjell-Olof Feldt of Sweden over the weekend.

The general index, which in 1988 soared by 51 percent, plunged by 4.65 percent Monday in reaction to the tax plan.

Dealers said they feared further losses when foreign markets reopened after the new year holiday.

On Saturday, the Swedish finance minister announced that a 15 percent tax on profits of more than two million kronor ($325,000) would be levied on the 1989 profits of Swedish companies. The tax is expected to bring the government 3.5 billion kronor in revenue this year.

Mr. Feldt added that, effective immediately, investors would be able to deduct from tax only 40 percent of all losses on shares held for two years or more. Previously, all such losses were tax deductible.

Analysts said the main effect of the changes on the bourse would be to cool the speculative fever that has driven prices relentlessly higher over the past year.

"The immediate effect will be less interest in taking a chance — potential investors are going to think twice before investing," said Bjorn Wolrath, managing director of the Swedish insurance company Forsakrings AB Skandia.

Some analysts said, however, that the effect of the new corporate tax on the Swedish economy would be much more serious than any pain individual investors might feel.

"I would be interested to know who has losses to deduct when the index has been touching new highs," said Anders Lannebo, managing director of Sparbankernas, a Swedish mutual fund.

Company tax in Sweden is currently 50 percent, but Mr. Feldt has said he intended to cut the basic company tax rate to 30 percent by 1991.

The finance minister said the new tax proposal was part of a wide-ranging reform of the tax system announced in November, which sought to lower income tax at the same time as removing numerous loopholes.

Mr. Feldt has argued that with Swedish companies awash in liquidity, unemployment running at 1.4 percent and inflation pushing an annual rate of 6 percent, the Swedish economy needed some cooling down.

"There are strong reasons for stabilizing the situation by reducing company liquidity and the ability to meet wage demands," Mr. Feldt said in a statement.

Mr. Feldt said the net operating profits of Swedish companies rose by 15 billion kronor in 1988.

But the reaction to the tax plan from major Swedish corporations was swift and uniformly negative.

"It's doubtful that the tax will dampen wage demands. And it certainly won't help our ability to compete abroad," Lennart Ribohn, deputy managing director at Electrolux AB.

"This is terribly serious. It can only mean a reduction in investment by Swedish industry," said Olof Ljunggren, chairman of the Swedish Employers' Federation.

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Currency Rates

Cross Rates

Jan. 2

	$	£	D.M.	F.F.	It.L.	Gldr.	B.F.	S.F.	Yen
Amsterdam	1.9955	3.6105	1.1289	0.3387	0.1571 *	—	5.394 *	1.3327	1.4006 *
Brussels(a)	37.09	67.15	20.975	6.14	2.844 *	18.581	—	24.735	0.2975
Frankfurt	1.7675	3.201	—	0.2929	0.1355 *	0.8859	4.769 *	1.1804	1.4185 *
London					Closed				
Milan	1,304.65	2,360.00	737.95	216.00	—	653.78	35.171	870.95	10.478
New York(c)					Closed				
Paris					Closed				
Tokyo					Closed				
Zurich					Closed				
1 ECU	1.1745	0.6495	2.0771	7.0924	1,533.93	2.3449	43.563	1.2584	146.486
1 SDR	1.3457	0.7437	2.3958	8.1536	N.Q.	2.6787	50.2522	2.0239	169.256

Closings in London, Tokyo and Zurich, fixings in other centers.
*a: Commercial franc; b: To buy one pound; c: To buy one dollar; *: Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Dec. 30

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argen. austral	13.385	Fin. markka	4.161	Mex. peso	2280.00	S. Afr. rand	2.3663
Austral. $	1.1709	Greek drac.	148.70	N. Zealand $	1.5898	Soviet ruble*	0.6067
Austr. schil.	12.56	Hong Kong $	7.8065	Nig. naira*	5.2995	Span. peseta	114.50
Belg. fin. fr.	39.38	Indian rupee	15.08	Norw. krone	6.591	Swed. krona	6.153
Brazil cruz.	756.55	Indo. rupiah	1725.00	Phil. peso	20.78	Taiwan $	28.19
Canadian $	1.1925	Irish £	0.6656	Port. escudo	145.50	Thai baht*	25.285
Chinese yuan*	3.7221	Israeli shek.	1.80	Saudi riyal*	3.7503	Turkish lira	1805.10
Danish krone	6.8975	Kuwaiti dinar*	0.2825	Sing. $	1.945	UAE dirham*	3.6729
Egypt. pound	2.3329	Malay. ring.*	2.7595	S. Kor. won	684.90	Venez. bolív.	37.20

*New York rates unless marked * (local rate.)*

Forward Rates

Dec. 30

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.7845	1.7794	1.7742	Canadian dollar	1.1937	1.1951	1.1969
Japanese yen	124.48	124.03	123.57	Swiss franc	1.4987	1.4935	1.4885
Deutsche mark	1.7820	1.7767	1.7712				

Sources: Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque Nationale de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SDR); BAII (dinar, riyal, dirham); Gosbank (ruble). Other data from Reuters and AP.

Interest Rates

Eurocurrency Deposits

Dec. 30

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU	SDR
1 month	9-9⅛	5 ⅛-5 ⅜	4 ⅞-4 ⅞	12⅜-13	8 ⅛-8 ⅜	4 ⅛-4 ⅜	7 ⅛-7 ⅜	7 ⅛
2 months	9⅛-9⅛	5⅛-5⅜	4 ⅞-4 ⅞	12⅜-13	8⅛-8⅜	4 ⅛-4 ⅛	7 ⅛-8 ⅛	7⅛
3 months	9 ⅛-9 ⅛	5 ⅛-5 ⅜	4 ⅞-4 ⅞	13 ⅛-13 ⅜	8 ⅛-8 ⅜	4 ⅛-4 ⅛	8-8⅛	7⅛
6 months	9 ⅛-9 ⅛	5⅛-5⅜	4⅞-4⅞	12 ⅞-13 ⅛	8⅜-8⅝	4⅛-4⅜	8 ⅛-8 ⅜	7⅛
1 year	9⅛-9⅜	5⅛-5⅜	4⅞-4⅞	12 ⅝-12 ⅞	8 ⅛-8 ⅜	4⅜-4⅝	8⅛-8⅜	7 ⅛

Sources: Morgan Guaranty (Dollar, DM, SF, Pound, FF, yen); Lloyds Bank (ECU); Reuters (SDR).
Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

Jan. 2

	Close	Prev.
United States		
Discount rate	6½	6½
Prime rate	10½	10½
Federal funds	Clsd	8⅝
Com paper 90-179 days	—	8.46
3-month Treasury bills	—	8.07
6-month Treasury bills	—	8.18
2-month CD's	—	8.65
3-month CD's	—	8.70
Japan		
Discount rate	2½	2½
Call money	Clsd	4¼
2-month interbank	—	4 11/16
3-month interbank	—	4⅝
West Germany		
Discount rate	3½	3½
Lombard rate	5½	5½
Overnight rate	5.45	5.55
1-month interbank	5.40	5.40
3-month interbank	5⅝	5.40
6-month interbank	5.60	5½
Britain		
Bank base rate	13.00	13.00
Call money	Clsd	12⅜
3-month interbank	—	13 3/16
6-month interbank	—	13 3/16
France		
Intervention rate	7⅛	7⅛
Call money	Clsd	8⅛
1-month interbank	—	8⅛
3-month interbank	—	8⅛
6-month interbank	—	8⅛

Sources: Reuters, Bank of Tokyo, Commerzbank, Credit Lyonnais.

Asian Dollar Deposits

Dec. 29

1 month	9⅛ - 9⅜
2 months	9 ⅛ - 9 ⅜
3 months	9⅛ - 9⅜
6 months	9 ⅛ - 9 ⅜
1 year	9⅛ - 9⅜

Source: Reuters.

U.S. Money Market Funds

Dec. 30

Merrill Lynch Ready Assets
30-day average yield: 8.25
Telerate Interest Rate Index: 8.992
Source: Merrill Lynch, Telerate.

Gold

Dec.30

	A.M.	P.M.	Ch'ge
Hong Kong	408.65	410.25	— 3.80
Luxembourg	Clsd.	—	—
Paris (12.5 kilo)	410.95	412.72	+ 1.83
Zurich	409.75	410.15	+ 6.70
London	410.15	Clsg.	— 0.10
New York	—	409.95	+ 1.70

Luxembourg, Paris and London official fixings; Hong Kong and Zurich opening and closing prices; New York spot market close. All prices in U.S. $ per ounce.
Source: Reuters.



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World Stock Markets

Via Agence France Presse Closing prices in local currencies, Jan. 2

Amsterdam

ABN Bank	45	43.80
ACF Holding	56.40	54.80
Aegon	92.80	91.70
Ahold	90	89.70
Akzo	155.50	154
AMEV	58.30	58
A'Dam Rubber	7.90	8
Amro Bank	81.40	80.80
Bols	145	144.50
Buhrmann Tett	57.70	57.30
BVG	4.50	4.80
Center Ports	52.70	52.50
CSM	64.30	63.90
Elsevier	63.50	62.90
Fokker	28.70	28.30
Gist-Brocades	40.20	39.90
Heineken	143.60	142.50
Hoogovens	77.30	75
Hunter Douglas	81	81.40
IHC Caland	20	19.80
Int Mueller	81.60	80
KLM	43.20	43
KNP	48	47.90
Nat Neder	68.70	67.50
Nedlloyd	292.50	278.50
NMB Bank	190.50	187.50
Oce Grinten	280	274.50
Pakhoed	109	107
Philips	34.60	34.10
Robeco	97.80	97.40
Rodamco	156.40	154.40
Rolinco	92	92.80
Roreric	60.70	60.70
Royal Dutch	230.10	228.90
Unilever	119.30	118
Van Ommeren	36.30	35
VMF Stork	24.90	25.90
VNU	97	94.80
Wessanen	81.50	81
Wolters/Kluwer	145.80	145.50

ANP-CBS Gen'l Index : 289.30
Previous : 287.20

Brussels

Arbed	3890	3815
Bekaert	13825	13750
Cockerill	322	319
Cobepa	5470	5600
Delhaize	4760	4780
EBES	4560	4620
GB-Inno-BM	1318	1346
GBL	3840	3900
Gevaert	7900	8050
Hoboken	11850	11900
Intercom	3565	3610
Kredietbank	4455	4500
Petrofina	13400	13675
Royale Belge	5090	5150
Soc Gen Belge	4320	4300
Solvay	11750	11750
Solvay	13200	13200
Tractebel	8700	8740
UCB	9050	9250
Unera	2800	2760

Current Stock Index : 5536.14
Previous : 5546.56

Frankfurt

AEG	196	196.80
Allianz Hldg	1895	1869
Allianz	373	371
Asko Dt. Kfhs	723	721
BASF	287	279.60
Bayer	308	306.50
Bay. Hypo bank	368	366
Bay Vereinsbank	364	364.50
BBC	365.50	364
BMF-Bank	416	415
BMW	525	523
Commerzbank	234	233.80
Continental	271	271.50
Daimler-Benz	739	738
Degussa	396.50	392.50
Dt. Babcock	156.80	156
Deutsche Bank	544	543.50
Dresdner Bank	313.80	314.50
Feldmuehle	271.50	273.50
Harpener	430	430
Henkel	516	515
Hochtief	648	628
Hoechst	308.30	305.50
Hoesch	198.50	199
Holzmann	397	377
Horten	297	297.50
Hussel	435	433
IWKA	265	261.50
Kali + Salz	163	157.80
Karstadt	385	388
Kaufhof	274	275
KHD	134.40	133.20
Kloeckner Werke	119	118
Krupp Stahl	132	130.50
Linde	770	770
Lufthansa	144.30	147.50
MAN	251.50	249
Mannesmann	212.50	212
Metallgesell	345	344
Muench Rueck	2220	2160
Nixdorf	290	295.40
PKI	495	494
Porsche	433	437
Preussag	186.50	187
PWA	233.50	231
RWE	292	292
Rheinmetall	430	438
Schering	569	565
SEL	251.50	249
Siemens	543	540
Thyssen	192	191
Varta	228	226
Veba	270.50	268.10
VEW	167.50	167.90
Volkswagen	255	248
Wella	598	591

Commerzbank Index : 1447.2
Previous : 1451.9
FAZ Index : 548.23
Previous : 549.84

Helsinki

Amer A	166	165
Enso-Gutzeit	39	39
Finnish Sugar	68	68
K.C.P.	63	63
Kymmene	123	123
Nokia	133	133
Pohjola	234	240
Stockmann	166	166
Utd Paper	116	117
Wartsila	420	389

Unitas Index : N.Q.
Previous : 732.3

Madrid

Banco Central	995	975
Banco Santander	926	926
Banesto	995	995
CEPSA	470	470
Dragados	453	462
Expl. Rio Tinto	312	307.50
Hidroelec. Esp.	85.75	89.75
Iberduero	115.75	116
Telefonica	178.75	177.75

General Index : 274.85
Previous : 274.43

Milan

Banca Comm	3535	3422
Barilogi	3975	399
Cigahotels	4335	4335
CIR	5460	5651
Cred Ital	1819	1765
Eridania	5890	5850
Fiat	9822	9812
Generali	44150	43960
IFI	19925	19850
Italcem	12740	12750
Italgas	2150	2160
Italmobiliare	15170	15100
Mediobca	20210	20005
Montedison	2077	2073
NBA	1361	1349
Olivetti	9139	9000
Pirelli	2950	2922
RAS	45490	45050
Rinascente	4915	4915
Saipem	3520	3485
SIP	2865	2858
SME	3730	3700
Snia	2779	2800
Standa	20000	19975
Stet	3848	3825
Tora	22300	21850

a: x 100.
MIB Index: 1226
Previous : 1219

Stockholm

AGA	208	219
Alfa Laval	450	470
Aseo	260	261
Astra	218	232
Atlas Copco	268	276
Electrolux	287	293
Ericsson	356	368
Esselte	N.Q.	—
Handelsbanken	147	153
Pharmacia	175	185
Norsk Hydro	119	118
Saab-Scania	192	208
Sandvik	280	290
SCA	167	168
S-E. Banken	N.Q.	177
Skandia Ins	221	233
Skanska	455	455
SKF	375	398
Stora	318	325
SwedishMatch	140	140
Volvo	363	365

Affaersvaerlden : 968.50
Previous : 1013.88

Markets Closed

Stock markets in Hong Kong, Johannesburg, London, Paris, Sao Paulo, Singapore, Sydney, Tokyo, Toronto and Zurich were closed Monday for the New year holiday.

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DIVIDEND NOTICE

At the Annual General Meeting held on December 29, 1988 it was decided to pay a dividend of U.S. $0.10 (ten cents) per share on/or after January 26, 1989 to shareholders of record on January 5, 1989 and to holders of bearer shares upon presentation of coupon N° 1.

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Soviet Output Of Oil Slumped In 3d Quarter

Reuters

LONDON — Soviet oil output slumped in the third quarter of 1988, casting doubt on whether last year's national oil production target could have been reached, a London-based oil industry consultant said Tuesday.

Petroleum Economics Ltd. said in its quarterly bulletin Soviet Energy Developments that the reasons for the fall in the third quarter were unclear.

"It does seem that Soviet oil output fell by over 100,000 barrels per day during the third quarter, showing the first year-on-year decrease for about three years," it said.

In the 18 months to mid-1988, output had been running slightly above target. It was doubtful whether the 1988 target level of just under 12.6 million barrels per day could be achieved, unless output had rebounded in the fourth quarter, the report said.

There had been reports that oil output from Siberia was hit by equipment shortages. Official Soviet oil production statistics have not been published since August, when data showed a fall to 12.3 million barrels per day, the lowest level since April 1986 and about 500,000 barrels per day below the May 1987 peak, the report said.

NESTLÉ: *Swiss Food Giant Remains Calm Despite Array of Problems Confronting It*

(Continued from first finance page)

large stake in L'Oréal, the world's largest cosmetics company.

Although Mr. Maucher is not as enthusiastic about diversification as were his predecessors, he is still willing to make some strategic acquisitions outside of food. He has a $325 million bid outstanding for the surgical division of Cooper Cos. But he sees huge growth opportunities in food, because of the trends toward convenience, low-calorie and gourmet products.

Indeed, one principal goal has been to move Nestlé to the center of the dinner table so it would no longer be just on the fringes with its perennial standbys, coffee and chocolate.

If you eat a dinner that contains Crosse and Blackwell soup, a Stouffer Lean Cuisine fish filet and spaghetti with Contadina tomato sauce, you are having an all-Nestlé dinner. If you drink Libby fruit juices, Vittel mineral water from France or Chateau Souverain wine from the Sonoma Valley of California, you are drinking Nestlé products.

"Nestlé had quite a bad reputation in the early 1980s," said Sylvain Massot, an analyst at UBS Phillips & Drew, the London brokerage. "It had the typical problems of giants: too big, too much centralization, too old-fashioned. This man has changed all that."

While other food companies are just now starting to take baby steps toward operating on a global basis, Nestlé has long been a global power. It has nearly 400 factories around the world, including a milk-powder plant in New Guinea and a cookie factory in Zimbabwe. Its home country accounts for just 2 percent of sales, and its headquarters staff comes from 50 nations.

Nestlé set up overseas subsidiaries early in its 122-year history, building its first U.S. factory in 1900. Mr. Maucher ensures that there are different tastes around the globe."

Despite the changes Mr. Maucher has engineered, a raft of problems is nagging at Nestlé. Because so much of the company's sales are in the United States and Latin America, whose currencies

"You can't take the way of life of one country and try to impose that on the whole world, seeing yourself in control and everyone else as a satellite."

Helmut Maucher, managing director of Nestlé

Nestlé's foreign units, which report to regional managers in Vevey, are given a lot of independence. He abhors the idea of setting annual goals for profit growth and revenues; instead he expects managers to use their ingenuity and best efforts.

In fact, business school professors often hail Nestlé and Mr. Maucher as trailblazers in international sales. In particular, Nestlé gets high marks for emphasizing local marketing, developing, for example, 200 different blends of its Nescafe brand coffee to appeal to different palates from Arkansas to Sri Lanka. In Japan, where foreign companies often give up in frustration, Nestlé has more than 70 percent of the coffee market.

"You can't take the way of life of one country and try to impose that on the whole world, seeing yourself in control and everyone else as a satellite," said Mr. Maucher, a tall, stocky man with thinning hair and horn-rimmed glasses. "Then you're not global. You have to remember

tend to move with the dollar, the U.S. currency's plunge along with weak prices for green coffee have pushed down Nestlé's revenues.

Tallied in Swiss francs, revenue slipped a total of 15 percent in 1986 and 1987, even though sales volume jumped 10 percent. Profits also have stagnated, depressing the company's stock price.

To help strengthen its shares, Nestlé made a bold move on Nov. 17 by becoming the first major Swiss company to allow non-Swiss investors to buy registered shares, voting shares that represent two-thirds of its stock. This move to enlarge the pool of potential holders of registered shares pushed up the price of those shares by 40 percent the day after the announcement.

But many foreign shareholders were livid when the price of Nestle's bearer shares — which non-Swiss investors were long able to own — plummeted 20 percent as a result. Fears that other large Swiss companies would follow Nestlé have sent other Swiss bearer stocks plunging. Many disgruntled shareholders are threatening lawsuits over Nestlé's move.

Mr. Maucher said the change was important not only because it raised the price of Nestlé's registered shares. It also was designed, he said, to rebuff charges of discrimination against foreigners and to create a more global following for a huge stock offering planned for 1989. He predicted that shareholders would ultimately benefit and urged them to adopt a long-term view.

"Shareholders are more irrational creatures than we thought," he said.

The company is facing protests on another front as well. A number of health-care and religious groups are again urging a boycott of Nestlé, contending that the company is improperly promoting infant formula in poor nations.

Still another concern is that megamergers in the food industry, like that of Philip Morris and Kraft, will make life tougher for Nestlé in the United States and worldwide.

In part, Mr. Maucher has responded with deals of his own. He has used a textbook strategic approach, much-imitated in the food industry, to make acquisitions to bridge gaps in product lines and global reach.

When Nestlé bought Carnation, known for Coffee-Mate, Contadina tomato products and Friskies pet food, Mr. Maucher was eager to obtain a larger U.S. presence and to move into the fast-growing pet-food area.

Nestlé spent three years digesting its Carnation acquisition and letting its war chest grow before it returned to the takeover trail in 1988. Last spring, Carlo de Benedetti, the Italian industrialist, told Mr. Maucher, a longtime acquaintance, that he wanted to unload Buitoni. Within 48 hours, Mr. Maucher agreed to purchase the company.

There are major advantages to operating on a global scale, Mr. Maucher said. It gives Nestlé the size to finance larger research efforts than its competitors, he said. What Nestlé learns in introducing a product in one market can be used in other markets.

And there are economies of scale in purchasing, manufacturing and distribution. This is especially true in purchasing where each year Nestlé buys 10 percent of the chocolate and coffee beans produced worldwide. In marketing, one success has been to transfer Stouffer's Lean Cuisine concept to Europe.

Now, America's food giants are growing larger and trying harder to follow in Nestlé's footsteps.

Nestlé has to face up to some even bigger players," said Jonathan Dicker, an analyst at James Capel & Co. in London. "That must be quite a worrying development."

PATENT: *Battles Key to Superconductor Leadership*

(Continued from page 1)

blow it by messing around for years on patent battles,'" said Scott Chafin, counsel at the University of Houston.

Concern about patents is likely to play a role in the international race to dominate the field.

Japanese companies and universities have inundated the Japanese patent office with more than 2,000 superconductivity patent applications since 1986 and have also been aggressive in filing claims in the United States and Europe.

The blizzard is arousing concern that U.S. companies might find it difficult to market products in Japan because Japanese companies would control all the rights in that market and negotiating a veritable obstacle course of patents would be necessary to do business.

"I think they've put up a patent minefield in Japan," said Aldo J. Test, a San Francisco patent attorney. "To penetrate Japan will be difficult." Some patents experts worry that a similar problem could develop in Europe.

Just how valuable a superconductivity patent can be was shown when Du Pont agreed to pay the University of Houston $1.5 million immediately and $3 million later for rights to an as-yet ungranted patent on a promising new material.

The fee, which university patent administrators say is one of the largest paid to a university for patent rights, has set off efforts at other schools to achieve similarly lucrative licenses.

Having a patent on a material or process for using superconductivity could allow a company or laboratory to block potential competitors, or to demand license fees from those that use its technology. It could also be instrumental in helping a young company attract investors.

So far, no high-temperature superconductor patents have been issued.

Information on what patents have been applied for is kept confidential in the United States. But in Europe and Japan, patent applications are published 18 months after they are filed.

Thus, lawyers are now getting their first looks at some of the applications filed in early 1987, when many new superconductor discoveries were being announced.

In sheer numbers of patents filed, the Japanese clearly lead. The Cambridge Report on Superconductivity, a newsletter covering the field, recently surveyed 76 of the earliest patent applications to be disclosed in Europe and found that 59 came from Japan and 10 from the United States.

In Japan, the frenzy of filing is even greater, with Sumitomo Electric Industries Ltd. alone having filed more than 700 applications.

As of the end of November, 650 patent applications related to high-temperature superconductivity had been filed in the United States, said Gerald Goldberg, head of a task force in the patent office handling such patents. Of those, 225 were from overseas, 150 from Japan.

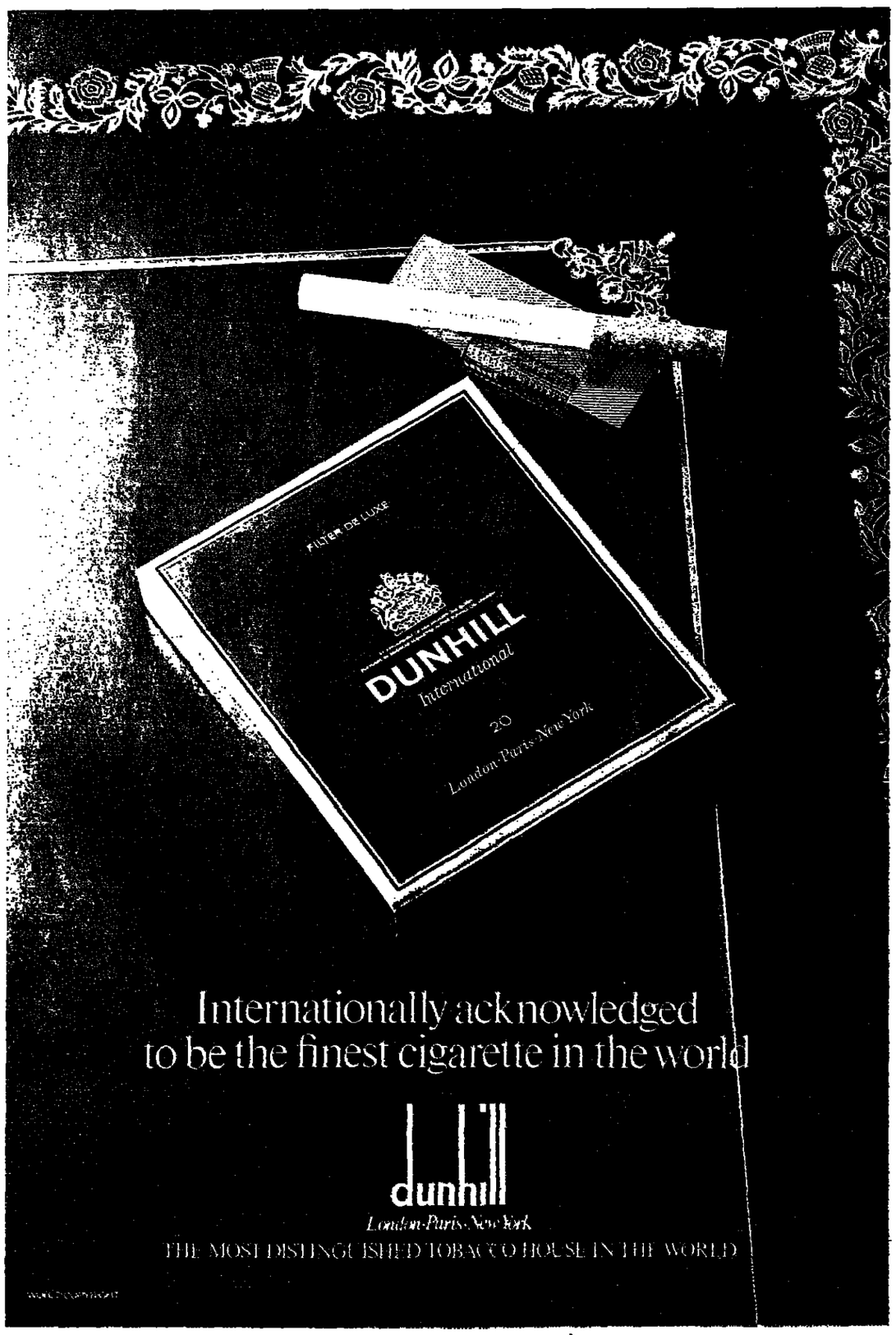
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NUTS: *Boon to France*

(Continued from first finance page)

zard pointed out that fresh walnuts are not widely marketed by U.S. producers.

For all the competition, French researchers and growers meet regularly with their U.S. counterparts to exchange scientific information.

The challenge for French researchers is to develop lateral-bearing varieties — from trees that bud right along the branch rather than at the tip — which bloom late, are disease-resistant and produce white kernels equal in quality to those of traditional varieties.

In 1977, INRA, the National Institute for Agronomical Research, started a program to find the ideal variety for France's climate. Eric Germain, director of research in Bordeaux, said, "We are now testing 25 interesting hybrids, but we will not be able to put them into full production before 1995."

He believes that new varieties, increased density of orchards and irrigation developments could bring production up to 5 or 6 tons per hectare by the year 2000. French production now averages 3 tons per hectare, while U.S production is 4.5 tons.

But more is not necessarily better. Walnuts from the Grenoble region have an "appellation d'origine," established in 1938, which enables growers to obtain a certain price for their crop, just as wine producers can set prices according to vintage. This is why some growers are reluctant to try new varieties.

Other French growers are afraid that new varieties will produce lower-quality kernels. For example, a variety called Lara, not developed by INRA, is now being tested, but some growers have reservations.

French growers stress quality because they know it can make a difference in the face of competition.

Said Mr. Gardent, "American walnuts are beautiful and big with fine shells, which are easy to break; however, their taste is average. French walnuts are smaller and the shells are not as attractive, but their taste is excellent. The French walnut is a walnut for connoisseurs."

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ARTS / LEISURE

The Stitch-and-Knit Mastery of Kaffe Fassett

By Claire Frankel
International Herald Tribune

LONDON — Kaffe Fassett is a bag man, carrying a large pouch filled with his knitting needles and a rainbow of wools on which he works at almost any given moment — on the subway, in a plane, wherever.

Fassett explains, "I've got this bloody male courage because I never had an aunt or a grandmother or a teacher saying, 'if your work isn't as neat on the back as it is on the front, forget it,' which is totally daunting. All I had was 'you can't knit because you're a man' and I thought, 'well, I'll bloody well show you I can.'"

And he has succeeded. One hundred and ten of his needlework pieces are on display at the Victoria and Albert Museum through Jan. 29 in the museum's first major exhibition of contemporary textiles. He is billed as the "the world's greatest master of knitting and needlepoint."

It is an appropriate honor since so many of Fassett's designs have come from countless hours in the museum's seedbed. He translated a 19th-century Japanese wooden court fan into a needlepoint lamp shade; Islamic star tiles inspired a sweater; fragments of Roman glass were visualized in patterns on a waistcoat, and the design for a long, flowing robe grew out of an 18th-century Mogul carpet.

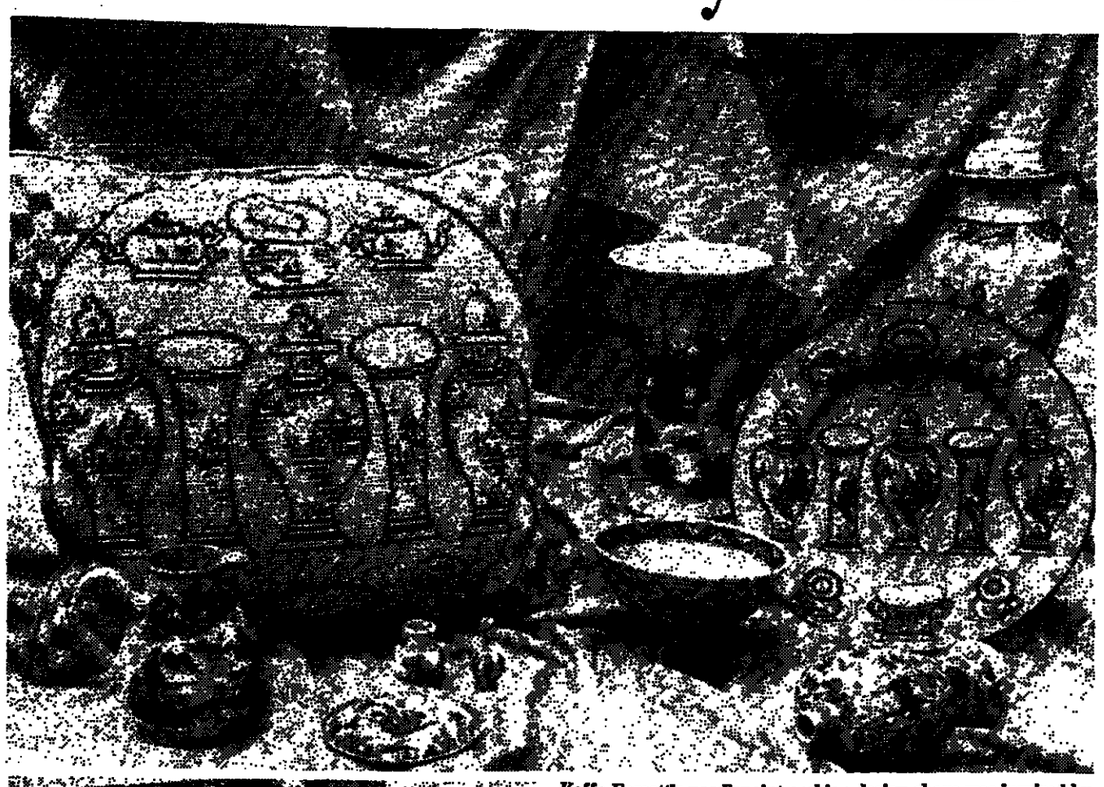
Fassett (he appropriated his first name, Kaffe, from a storybook when he was 15) stands 6-foot-3 (about 2 meters) and is a well-preserved 51 years old.

Relaxing at his modest London home, he is wearing a sleeveless, V-necked sweater patterned with an array of tumbling boxes in tones of brown, gray and aubergine — his favorite colors. The colors seem connected to all the other shades and textures in his living room, a room for a gentler Matisse.

Around the top of the three bay windows, a trellis of flowers is painted directly on the wooden frames. Lining the vertical sides of the glass, laughing porcelain Buddhas and fat-bottomed blue-and-white teapots sit comfortably on separate pedestals. Beneath the window sills, multi-patterned pillows and a knitted patchwork bedspread — each square the kernel of an idea for a future whole — are piled on the floor. Every drawer of the marbleized highboy is organized by color (gradations of beige, purple, black and red, etc.) and texture (mohair, bouclé, silk and cotton).

"If you had told me 15 years ago that I would make my reputation knitting and stitching," he says, "I would just have laughed at you. It never would have occurred to me that it would turn into this enormous business." His company, Rowan, is doing well, he says, at a time when other yarn companies seem to be suffering.

Near him, a small table covered with an old red-and-blue embroidered cloth stands, amenable to holding coffee cups. Exuberant yellow and orange chrysanthemums burst from a blue-flowered jug near a plate of smooth, flat, stones. A pale wooden cabinet holds a selection of sweaters, some with fancifully named patterns such as Persian Poppy, Toothed Stripe, Japanese Lichen. Fassett models one as he stands in front of a hanging knitted bedspread shimmering with summer's dreams.





Kaffe Fassett's needlepoint cushion design above was inspired by ceramics from the Far East; at left, he wears one of his creations.

Faded carpets, of all sizes and designs, lie overlapped in a jumbled mix of patterns.

Born in San Francisco, Fassett grew up in California near Big Sur, 30 miles (50 kilometers) from Monterey where his parents bought a log cabin that used to belong to Orson Welles. A student of Frank Lloyd Wright expanded the lodge into a renowned restaurant called Nepenthe.

"It attracted people from all over the world who trooped through — Balinese dancers and harpsichord players — the lot," he says. "Everything was happening there, an extraordinary mixture of cultural experiences. Henry Miller was a neighbor. I remember him as a wonderful painter with a fabulous sense of color, and he was interested in me as a painter. He used to come down and look at my work and say, 'good, keep at it. To paint is to love.' That was good influence."

Fassett went to drama school with Dustin Hoffman. He jokes that at that time he got all the leads instead of Hoffman. Then Fassett received a scholarship to study painting at the Boston Museum of Fine Arts. That environment made a startling change. "It gave me a taste of England," he says, "the kind of gentility, the old relaxed approach to design, the genteel frumpiness that I love. Boston was very much like England" — a kind of halfway house to his next adventure.

He arrived in Britain in 1964, nudged by "Winnie the Pooh", "Mary Poppins", Oscar Wilde, Charles Dickens and Christopher Isherwood, whom he had met in San Francisco. Fassett visited country houses and saw big overstuffed couches covered with flowers that were a bit "frumpy"; worn carpet on the floors and enormous bouquets of flowers, displays of patterned china and still lifes of birds and fruit. And more.

"You would find at an aristocratic table everybody from the street sweeper to royalty," he says. "I'd always heard that England was so class-conscious, but looking back I think America was incredibly more so by comparison."

Four years later, Fassett accompanied the designer Bill Gibb to a Scottish mill where he became intrigued with wool and its texture. "The textile thing was funny," he says. "I stopped being at all social. I became totally absorbed with this thing. It grabbed me by the throat as nothing ever did in my life. Painting made me look at textiles and think about textiles, but making textiles was something totally different."

After designing a few simple kits, Fassett decided to try one pattern with 20 colors. He assumed that only 100 people in the next three years would buy it, but he had to try. In fact, 7,000 kits were sold in one month. Now some of his pieces start at £500 ($900) for a simple waistcoat, for instance, and go up to £2,000; kits start at about £40, the top-selling one (£130) is called the window coat and has 40 colors in it.

"People want the challenge," he says. "It's just an extension of arranging flowers or picking out wallpaper for your bathroom."

He designs as he knits, using no fancy stitches — knit one row, purl one row. Some of his designs have as many as 50 different colors. "Designers are just playful people who know how to become children again," he says.

Fassett knits or stitches the entire first new article, or for larger pieces such as a jacket he knits only the back, turning it over to someone else to work out the front and the sleeves, using his design. "That part is tedious and I'm not good at it," he says. "I'd leave out 16 rows of the pattern."

But if he's not good at it, how does he please clients who commission a one-of-a-kind design? "I just look at that person and I think, 'you're about 85 stitches on No. 9 needles,' and I cast on and get rolling," he says. "If it doesn't work, I sell it to someone else and knit another one. That's the way I work."

Rimsky-Korsakov's Christmas Surprise

By Henry Pleasants

LONDON — The festive season, operatically, has provided feasts for the eye, and hasn't done badly by the ear. And from under the Christmas tree has come one treasurable surprise: Rimsky-Korsakov's appropriately titled "Christmas Eve," given its first professional staging in Britain by the English National Opera at the Coliseum.

It is drawn from a story, similarly titled, in Gogol's "Evenings on a Farm Near Dikanka," and tells how a Ukranian blacksmith, with the connivance of the devil, wins the hand of a demanding and reluctant Oksana by flying (yes, flying) off to St. Petersburg and obtaining for her a pair of the czarina's embroidered slippers as a Christmas present.

A trivial, if fantastic, tale, and the score is hardly vintage Rimsky-Korsakov, but what David Pountney, the producer, Sue Blane, his designer and costumer, and Stuart Hopps, his choreographer, have made of it astounds and delights the eye, while the ear is well catered to by a strong cast under the direction of the veteran Albert Rosen.

With a more substantial subject and a stronger score, this might stand as yet another example of over-production. But in this instance, with the devil and Vakula, the blacksmith, traveling through the skies on a spinning parasol-powered tricycle, a witch-cum-madame (Vakula's mother) sharing a bathtub built for two with the devil and sundry village dignitaries, with Chagall-like caricatures of a Ukrainian village and sumptuous entertainment at the court in St. Petersburg, it works, and works well.

Rimsky-Korsakov called the work, first produced in St. Petersburg in 1895 and initially in trouble with the censors because it presented a royal personage on the stage, "a magical and comic opera." Here the comedy is heavy-handed and the magic is in the scenic extravagance. As one local critic put it, in this case "nothing succeeds like excess."

The Royal Opera's Christmas offering has been a revival of John Copley's 1982 production of Handel's "Semele." Here the values are more evenly balanced, thanks to Handel and Sir Charles Mackerras's mastery of the Handelian idiom, and thanks, also, to Henry Bardon's Watteau-esque settings and David Walker's luxuriant costumes.

The singing, especially by Yvonne Kenny in the title role and Anthony Rolfe Johnson as an erotically errant Jupiter, achieves a virtuosity and stylistic security not often encountered these days, least of all with Handel. Kenny's singing of the challenging "mirror" aria is something not soon to be forgotten, and Rolfe Johnson does nobly by "Where'er You Walk."

Other late season premieres at the Royal Opera have been less enjoyable. Nuria Espert, a Spanish actress and theater producer, has tried her hand at opera with both "Madama Butterfly" and "Rigoletto," and by updating them — as is the appalling fashion nowadays — "Madama Butterfly" to the 1930s and "Rigoletto" to the 1850s, has robbed each of period credibility and period charm.

Setting "Butterfly" in the ground floor of a dreary and dingy Nagasaki tenement proved especially offensive, making a mockery of the music Puccini wrote for the ascent of the bridal party up the hill to Pinkerton's newly acquired villa in Act 1, and a mockery, too, of any idea of Cio-Cio-San's view of the harbor thereafter.

There was fine singing and acting by Catherine Malfitano, making a Covent Garden debut as Cio-Cio-San, as there had been earlier from a young Romanian, Leontina Vaduva, as Massenet's Manon in a successful restaging by John Cox of last season's ill-starred production. Hers is a voice and a talent to keep an ear and an eye on. "Madama Butterfly" returns to the repertoire on Jan. 23 with a new cast headed by Yoko Watanabe.

"Rigoletto" starred three Americans, the baritone Brent Ellis, the soprano June Anderson and the tenor Neil Shicoff, good singers all, and all miscast in "Rigoletto. They were given little help by the inept production.

(Further performances of "Christmas Eve" Jan. 4, 7, 11 and 13; of "Semele" Jan. 7.)

Henry Pleasants is a London-based author and critic who specializes in music and opera.

Raphael Canvas Discredited

The Associated Press

ROME — Italian experts have determined that a painting believed to be a self-portrait by the Renaissance master Raphael is a fake.

"The so-called Raphael is a fake, a copy that could date back to a century ago, but still a copy," Vincenza Bono Parrino, the minister of culture, said.

The painting, measuring 47 by 34 centimeters (about 19 by 14 inches), was sent to Italy on Dec. 8 by its owner to be examined by experts at the Ministry of Culture. The portrait was subject to X-ray tests that revealed a drawing beneath the portrait whose ink was found to be of modern composition.

Don Eloy Perez Alfonso, a Venezuelan millionaire bought the portrait in 1960 for $10 million but it is currently insured for $30 million.

Raphael, whose full name was Raffaello Sanzio (1483-1520) and was known for his work as both a painter and an architect. He helped in the reconstruction of St. Peter's Basilica and won fame for his fresco work in the Vatican.

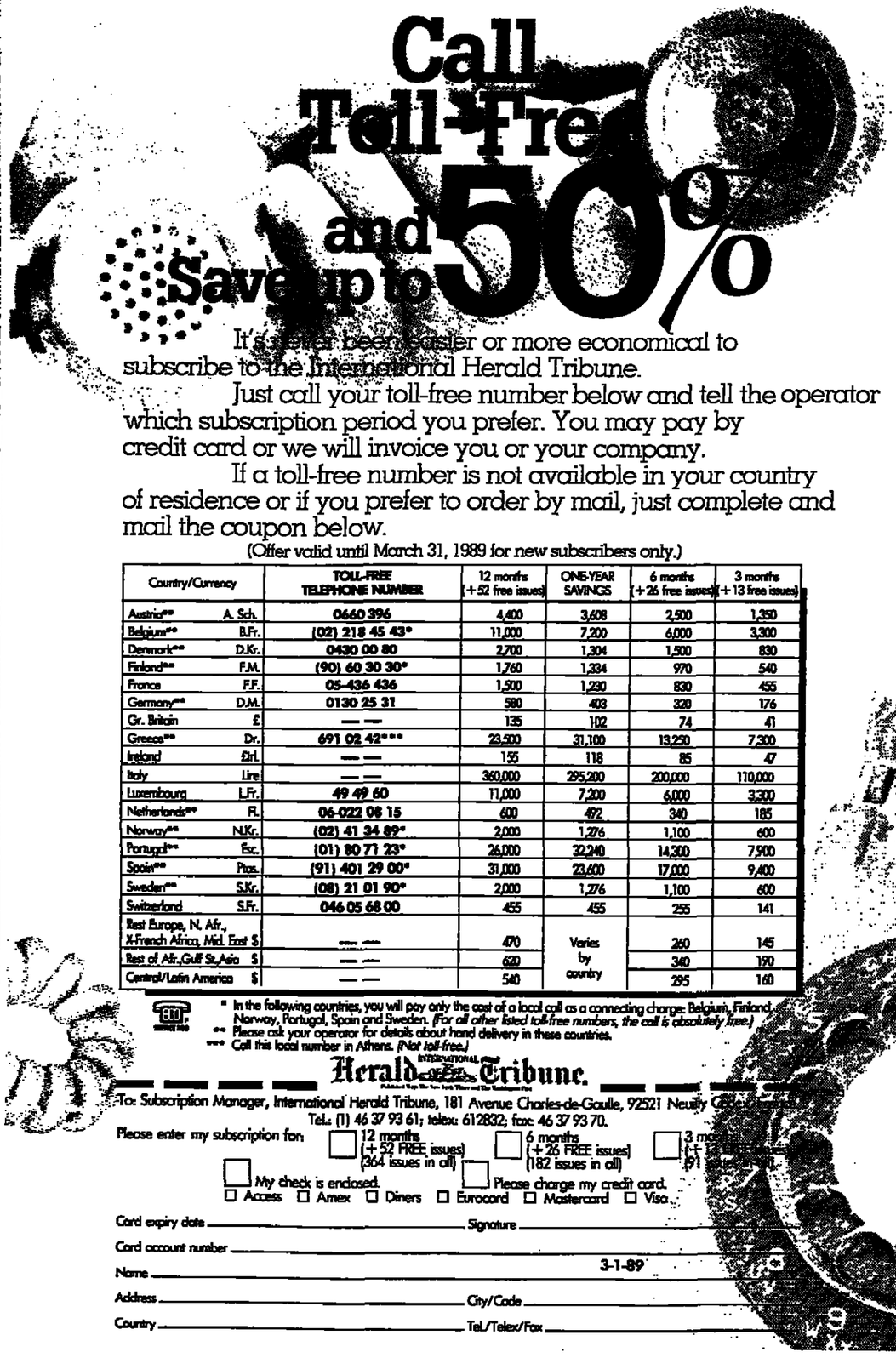
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SIDELINES

Volkov Advances in Australia Tennis

ADELAIDE, Australia (AP) — Alexander Volkov of the Soviet Union upset top-seeded compatriot Andrei Chesnokov 6-3, 6-1, on Monday in the first round of the $123,400 South Australian Open tennis championship at Memorial Drive.

Left-hander Mark Kratzmann, ranked 150th in the world, beat second-seeded fellow Australian Darren Cahill 7-6 (7-2), 6-4, in another first-round match. Cahill now has lost in the first round of his hometown tournament for five straight years.

Chesnokov, ranked 14th in the world, could not solve the powerful serving and hard-hitting of Volkov, who is ranked 79th. It was Volkov's second win against Chesnokov in six years.

Budd Warned by U.K. Track Officials

LONDON (AP) — British track officials said Monday they would reopen a probe into Zola Budd's eligibility for international competition if the South African-born runner decided to return to her adopted country.

Officials also were concerned about remarks attributed to Budd that questioned the tactics of such anti-apartheid leaders as Archbishop Desmond Tutu of South Africa, and Sam Ramsammy, head of the London-based South African Non-Racial Olympic Committee.

Budd said in a television interview Saturday that she wanted to run internationally again for Britain although she would not renounce the apartheid policies of her homeland to do so.

Last spring, Budd returned to South Africa as the British Amateur Athletics Board investigated whether she had violated international bans on contact with her homeland by attending a meet in Brakspan. That probe was terminated once Budd left Britain, but board officials said it would be reopened if she returned.

"We would certainly reconstitute this committee to establish Budd's eligibility," said Tony Ward, spokesman for the board. He also said that if the remarks attributed to Budd regarding Bishop Tutu and Ramsammy were true, "then she has not helped herself in being accepted at an international level."

Czech Player a Shoplifting Suspect

ANCHORAGE, Alaska (AP) — A Czechoslovakian hockey player detained last week on suspicion of shoplifting has been suspended by team officials.

Roman Kontsek, 18, was stopped at a department store here by security guards who said they found two bottles of women's perfume in Kontsek's coat pocket. He was questioned by police and released in the custody of team officials.

The company declined to press charges. Josef Taraba, leader of the Czechoslovak team, attending the World Junior Hockey Championships, apologized for the incident.

For the Record

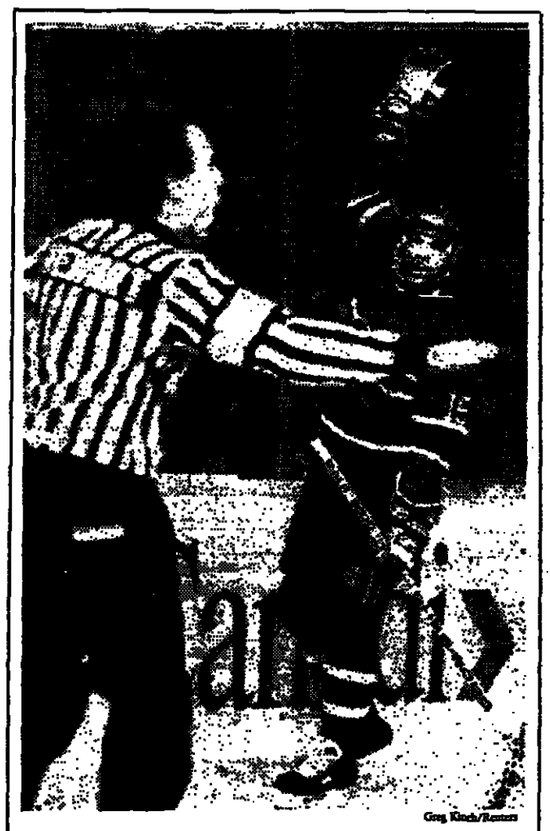
China, the world volleyball champions, beat Peru, the Olympic silver medalists, 3-0 on Sunday in a women's international volleyball tournament in Reading, England. *(Reuters)*

Twelve University of Nebraska football players have been suspended for disciplinary reasons, but all were "redshirts" (sitting out a year of playing eligibility) or other team members who were not expected to play in the Orange Bowl. Don Bryant, the school's assistant athletics director, said from Miami that two of the 12 players had been sent home to Nebraska for curfew violations. *(AP)*

Denis Savard, the Chicago Blackhawks' leading scorer, is expected to miss at least a week due to a sprained right knee. Savard suffered the injury in Saturday's 4-1 loss in New York. *(AP)*

Quotable

• Quarterback Jim McMahon on the Chicago Bears' trainer, Fred Caito: "He gets all bent out of shape because most of the guys that get hurt, they don't want to go see Fred. I mean he couldn't tell a compound fracture from a blister, so they just stay away from him." *(AP)*



Greg Kinch/Reuters

Like That Goal? What Goal?

Center Bobby Smith of the Montreal Canadiens thought he had scored Sunday night against the Vancouver Canucks, but referee Paul Stewart saw it differently. In winning 4-0, Montreal was helped by Stephane Richer, Chris Chelios and Bob Gainey, who made it 3-0 after two periods, and by Larry Robinson, who scored in the third period. It was Gainey's 500th career point.

French Alps Brace for the 'Other' 1992

By James M. Markham
New York Times Service

VAL D'ISERE, France — When Jean-Claude Killy thinks about the year 1992, he doesn't have in mind the European Community's ambitious deadline for creating a frontier-free market of 320 million consumers.

"I think the construction of Europe is important," the former Olympic ski champion said. "But I also think that the Winter Olympics of '92 are going to be important, and they are such a challenge that we are going to have to move mountains."

As in past holiday seasons, the plunging, snow-wrapped mountains of Val d'Isère are dotted with a polyglot assemblage of vacationers, drawn to some of the most challenging ski slopes in Europe.

On skis, monoboards and even brightly colored parachutes — for a daring minority of paragliders — they hop, slither and float down flanks of Alps that rise more than 3,000 meters (about 10,000 feet).

But down in this overgrown village, Killy and other entrepreneurs have their sights trained on three winters from now, when for two weeks the fastest skiers, skaters and bobsledders in the world will descend on the mountain resorts of Savoy.

And some people here are wondering anxiously whether the boom promised by 1992 will be followed by a bust.

The Avalins, as the original inhabitants of Val d'Isère are called, know they have made a kind of Faustian pact with the 20th century.

In exchange for a sudden and extraordinary prosperity, they have surrendered their gorgeous valley to the ravages of unchecked real-estate speculation and development.

Val d'Isère is still a place of much natural beauty. But its human horizon is marred by boxy hotels, hurriedly thrown up to accommodate package-tour groups from England and Scandinavia, and a jagged gray heap of condominiums at the northern mouth of the valley.

"We are neither a village or a city," said Louis Erny, a 77-year-old Alsatian who came to Val d'Isère in 1935 and helped found its pioneering ski school. "We are nothing. It is sad to say, but we have to say it."

The 1,700 people who consider the village their home divide themselves into three categories.

First come the Avalins, the true natives, who have names like Moris, Bonnevie and Mattis, but whose genealogies include long-wayward Irishmen and Italians from across the steep mountain passes to the east. Next are the Alsatians, like the Killys, who started skiing in the tame Vosges but drifted south in search of taller mountains. Lastly, there are "the Chinese," a category that embraces anyone from Paris or Lille or Brest.

It was an ascetic Alsatian sportsman, Charles Diebold, who in 1929 started developing Val d'Isère's ski potential in collaboration with a Parisian, Jacques Mouffier, who had made a fortune in precious woods.

The impoverished village, with a population of 168, was emptying; its migrant sons were known in Paris as chimney-sweeps and oystermen.

The wartime occupation of Savoy by Italian and German troops interrupted skiing, but did not halt it, and in 1943 intrepid Avalins smuggled heavy cables up the mountain passes to complete one of the first big lifts.



'The Winter Olympics of '92 are going to be important, and they are such a challenge that we are going to have to move mountains.'
Jean-Claude Killy.

Val d'Isère's ski boom took off after Killy won three gold medals at the Winter Olympics in Grenoble in 1968. A panoply of new lifts was added and, after a feud with the nearby village of Tignes was mended, the valley's skiing was unified under the name L'Espace Killy.

The decentralized 1992 Olympics, with headquarters at Albertville, will mean new and swifter roads and such projects as skating rinks, bobsled runs and ski-jumping platforms for the various resorts that will hold the games.

Killy is overseeing the construction of what many say will be the world's toughest downhill run, from a 2,560-meter peak above Val d'Isère.

Yet the 1992 deadline has intensified debate over the merits of development in Val d'Isère. Mayor André Degovey, a "Chinese" from Brittany who has done well in real estate here, says the resort's hotel and apartment capacity should be expanded from 22,000 to 25,000, and then stopped.

The mayor also would like to discourage low-cost package tours from Britain that have invaded the village, making every fourth skier British.

"We don't appreciate this English clientele very much," Mr. Degovey said. "Perhaps it is because of the severity of Mrs. Thatcher's regime that when they come here the British drink a lot and break a lot of things. They are not liked."

Even though he is one of the principal Olympics organizers, Killy is a champion of halting the headlong expansion of Val d'Isère.

Chatting in the basement office of a ski store that bears his name, the 45-year-old businessman noted that Mr. Degovey, now a partisan of consolidation, had presided over enormous growth since being elected in 1983.

"I look around and see all these hotels that have been built," Killy said. "That's where I learned how to ski as a kid. What are we going to leave behind for our children?"

Soviet Basketball Team Leaves a Trail of Frowns in Europe

The Associated Press

LONDON — Money has earned nothing but a bad name for the Soviet Union's Olympic-champion basketball team, which has left a trail of unhappy fans and promoters across Western Europe.

As the 12th annual World Invitational Club Basketball tournament in London ended Monday, the Soviets were packing for the trip home with no championships from three tournaments and reduced appearance fees from organizers.

Some team members apparently also were taking home memories of New Year's Eve revelry.

"I wouldn't say we were cheated but they have not treated the tournament or the public with respect," said David Last, organizer of the London tournament, where the Soviets were upset Sunday by Livingston of Scotland, 72-66.

The trouble began in Madrid, where tournament organizers guaranteed the Soviet Basketball Federation $50,000 for the team's appearance and had to pay $5,000 into the players' pool for each of their three scheduled games.

But the Soviets arrived without three stars from their champion Olympic team. Arvidas Sabonis, the center, Sharunas Marchulionis and Rimas Kurtinaitis decided to play for their clubs in a tournament in the Netherlands.

The national team, meanwhile, lost to Real Madrid and the promoters withheld an undisclosed part of the Soviets' appearance fee.

Next stop Paris, where the Soviets lost to France.

"They think all they must do to win is be there," the Soviet coach, Yuri Selikov, said.

And so to London and a heavily promoted first-ever appearance by a Soviet national basketball team in Britain.

After reaching the semifinals on Saturday, four of the Soviets were still partying at 3 A.M. in the hotel housing the tournament's headquarters, according to other guests. The next day, they lost to Livingston, the third-ranked team in Britain's semi-pro National League.

Organizers in London cut the Soviet fee by an undisclosed sum.

Meanwhile, in the Netherlands, organizers also were unhappy.

Sabonis and Kurtinaitis played just six minutes a half, and the tournament hosts were prepared to fly them to London to boost the Soviet squad. Last declined the offer.

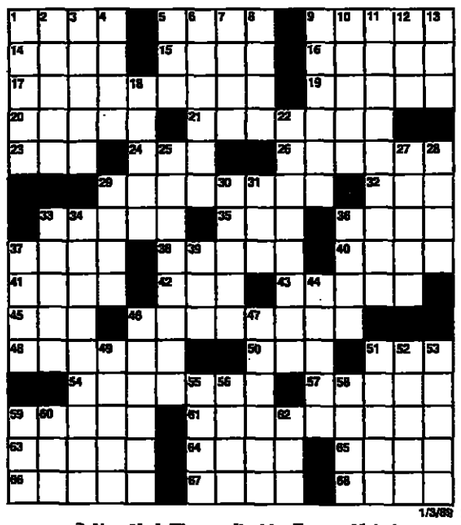
But the Soviet federation officials with the team had got the message. At a news conference they assured Last that they would bring their full squad to England in May as part of their preparations for the European championship finals.

Selikov said he would bring his men's, women's and junior men's teams to London next year for the holiday tournament — for free.

In the tournament in London on Sunday night, Tom Collier of Livingston, who played collegiate and professional basketball in the United States, scored a game-high 19 points against the Soviets. The victory gave them a spot in the championship game Monday against Leverkusen of West Germany.

ACROSS
1 Mountain sound
5 Lemony flavor
9 Speedy
14 Shortly
15 Solo in 19 Across
16 Keep away from
17 Ibis's kin
19 Massenet work
20 Houston fly catcher
21 Far from altruistic
23 Okay!
24 Giant Mel
26 Canadian capital
29 Breathing aids
32 Short snooze
33 Wild time
35 Half an antiaircraft weapon
36 Bettors' concerns
37 Machine for weaving
38 River to the Indus
40 Kind of club
41 Broadway org.
42 Mil. man
43 Some resort areas
45 Rush
46 Pellet shooter
48 Produced copies
50 Penn. e.g.
51 —— Baba
54 Tested for a fit
57 Claw
59 Phrase of wisdom
61 Lincoln's topper
63 Flower segment
64 Quote
65 "Be it —— so"
66 Indication
67 Ella's specialty
68 Musical stop

DOWN
1 School project
2 Thicket
3 Hollers' companions
4 —— about (date-setting phrase)
5 Check
6 Grain appendage
7 Locale of a Christie book
8 Nerve
9 Sends in payment
10 Nautical shout
11 Texas region
12 Berlin's "What'll ——?"
13 Hideaway
18 Nary a soul
22 Warehouse vehicle
25 Mack's nickname
27 Walks wetly
28 Church projection
29 "—— la Douce"
30 Toil
31 Old French coin
33 Actress Braga of "Moon Over Parador"
34 Ruler
36 Eyeball
37 Actor in "Waiting for Godot"
39 Top: Comb. form
44 Root covering
46 Out-of-the-way
47 "A House —— Home": P. Adler
49 Ceremonial instrument
51 Animated
52 Davey of baseball
53 Motionless
55 Mil. awards
56 Of one's hearing
58 Rich Little, e.g.
59 Quick to learn
60 "—— Rosenkavalier"
62 D.V.M.



1/3/89

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Solution to Previous Puzzle

D	I	S	C		E	R	A	S	E		S	H	O	E
A	R	O	A		T	E	L	E	X		H	O	N	E
D	A	M	P		C	A	P	R	I	C	I	O	U	S
S	N	E	E	R	E	D		E	L	A	N	D	S	
			R	A	T		O	N	E	R				
O	L	D		G	E	N	R	E		P	O	S	T	
R	E	E	D		R	I	B		S	E	T	T	E	E
C	A	P	I	T	A	L	I	Z	A	T	I	O	N	S
A	D	O	N	I	S		T	I	C		S	L	O	T
	S	T	E	P		R	E	P	R	O		E	R	E
			P	L	O	D		A	R	C				
	B	O	R	E	A	L		S	M	E	A	R	E	D
C	A	P	I	T	U	L	A	T	E		P	A	L	E
A	B	E	L		R	E	D	A	N		O	G	L	E
D	Y	N	E		A	R	E	N	T		N	E	A	R

WEATHER

EUROPE

	HIGH C	HIGH F	LOW C	LOW F	
Algarve	16	61	7	45	cl
Amsterdam	8	46	3	41	c
Athens	9	48	5	41	c
Barcelona	10	50	1	34	cl
Belgrade	5	41	0	32	cl
Berlin	6	43	4	39	c
Brussels	7	45	4	39	r
Budapest	4	39	0	32	cl
Copenhagen	4	39	4	39	r
Costa Del Sol	12	54	4	43	c
Dublin	8	46	7	45	c
Edinburgh	7	45	7	45	c
Florence	14	57	-1	30	fr
Frankfurt	7	45	3	38	c
Geneva	2	36	0	32	cl
Helsinki	0	32	-21	-6	sf
Las Palmas	21	70	14	57	cl
Lisbon	10	50	3	38	cl
London	8	46	6	43	c
Luxembourg	3	41	3	38	c
Madrid	9	48	-4	25	fr
Milan	1	43	-1	30	fr
Moscow	-15	5	-21	-6	sf
Munich	3	38	0	32	c
Nice	14	57	6	43	c
Oslo	0	32	-3	26	c
Paris	6	43	3	41	c
Prague	4	39	-5	23	cl
Reykjavik	2	36	1	34	sw
Rome	14	57	0	32	fr
Stockholm	2	36	-3	26	c
Strasbourg	3	38	0	32	cl
Venice	1	34	0	32	cl
Vienna	6	43	3	38	cl
Warsaw	1	34	-5	23	cl
Zurich	1	34	0	32	c

ASIA

	HIGH C	HIGH F	LOW C	LOW F	
Bangkok	30	86	22	72	cl
Beijing	3	38	-7	19	fr
Hong Kong	18	64	15	59	cl
Manila	30	86	22	72	fr
New Delhi	22	72	13	55	r
Seoul	3	38	-3	26	c
Shanghai	10	50	-3	26	c
Singapore	30	86	25	77	c
Taipei	22	72	18	64	fr
Tokyo	13	55	4	39	fr

AFRICA

	HIGH C	HIGH F	LOW C	LOW F	
Algiers	16	61	0	32	fr
Cape Town	—	—	22	81	fr
Casablanca	17	63	4	39	fr
Harare	—	—	—	—	na
Lagos	27	81	20	68	cl
Nairobi	—	—	—	—	na
Tunis	16	61	6	46	cl

LATIN AMERICA

	HIGH C	HIGH F	LOW C	LOW F	
Buenos Aires	36	97	23	73	fr
Caracas	—	—	—	—	na
Lima	25	77	17	63	c
Mexico City	24	75	13	55	pc
Rio de Janeiro	31	88	23	73	c

NORTH AMERICA

	HIGH C	HIGH F	LOW C	LOW F	
Anchorage	-1	30	-6	21	cl
Atlanta	17	63	7	45	cl
Boston	5	41	-4	25	cl
Chicago	-1	30	-9	16	sn
Denver	5	41	-16	3	sn
Detroit	0	32	-9	16	sn
Honolulu	28	82	23	73	cl
Houston	22	72	11	52	cl
Los Angeles	17	63	9	48	fr
Miami	29	84	19	66	fr
Minneapolis	-9	16	-16	3	sn
Montreal	-6	21	-13	9	sn
Nassau	28	82	18	64	sn
New York	7	45	-2	28	sn
San Francisco	13	55	5	41	sh
Seattle	9	48	5	41	sh
Toronto	5	41	0	32	sn
Washington	10	50	1	34	sn

MIDDLE EAST

	HIGH C	HIGH F	LOW C	LOW F	
Ankara	3	38	-3	26	cl
Beirut	—	—	—	—	na
Cairo	16	61	10	50	c
Damascus	—	—	—	—	na
Istanbul	3	38	2	36	sw
Jerusalem	7	45	1	34	r
Tel Aviv	12	54	7	45	r

cl-cloudy; fo-foggy; fr-fair; h-hail; o-overcast; pc-partly cloudy; r-rain; sh-showers; sn-snow; sf-stormy.

OCEANIA

	HIGH C	HIGH F	LOW C	LOW F	
Auckland	24	75	18	64	sh
Sydney	23	73	20	68	c

TUESDAY'S FORECAST — CHANNEL: Slightly. FRANKFURT: Overcast. Temp. 6 — 2 (43 — 36). LONDON: Overcast. Temp. 7 — 2 (45 — 36). MADRID: Fair. Temp. 9 — 4 (48 — 25). NEW YORK: Fair. Temps. 3 — 2 (38 — 28). PARIS: Overcast. Temps. 4 — 3 (39 — 28). RONE: Fair. Temps. 13 — 6 (55 — 32). TEL AVIV: Not available. ZURICH: Overcast. Temps. 2 — 0 (36 — 32). BANGKOK: Foggy. Temps. 33 — 22 (91 — 72). HONG KONG: Cloudy. Temps. 18 — 14 (64 — 57). MANILA: Cloudy. Temps. 32 — 22 (90 — 72). SEOUL: Foggy. Temps. 3 — 4 (38 — 25). SINGAPORE: Showers. Temps. 32 — 24 (90 — 75). TOKYO: Foggy. Temps. 13 — 4 (55 — 39).

JUMBLE

THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

CETTO
RISUV
SUMMUE
LATBEL



Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

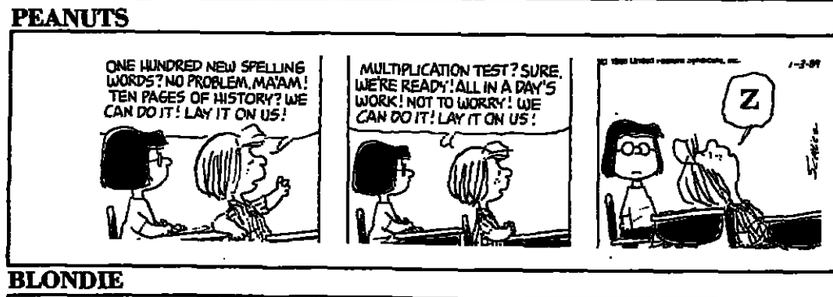
Print answer here: HIS "○○○○○○"

(Answers tomorrow)

Yesterday's Jumbles: RHYME VYING SALUTE NEWEST
Answer: The Constitution guarantees free speech, but it doesn't guarantee this — LISTENERS

Goldstar
West Germany: the land of quality craftsmanship.
West Germany: the land where 300,000 Goldstar TVs and 400,000 Goldstar VCRs are produced every year.
Computers/Audio/Video/Home Appliances
Floppy Disks/Audio & Video Cassettes

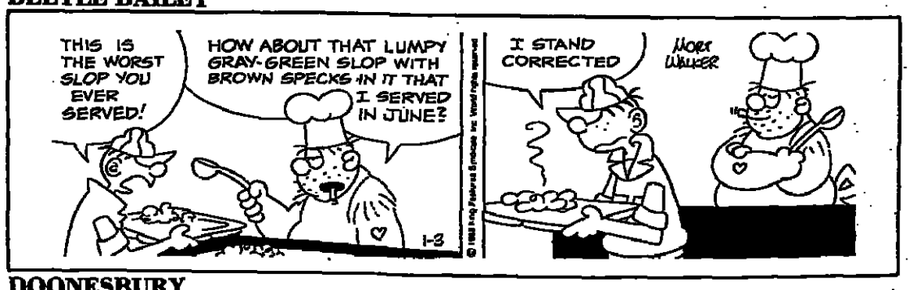
PEANUTS



BLONDIE



BEETLE BAILEY



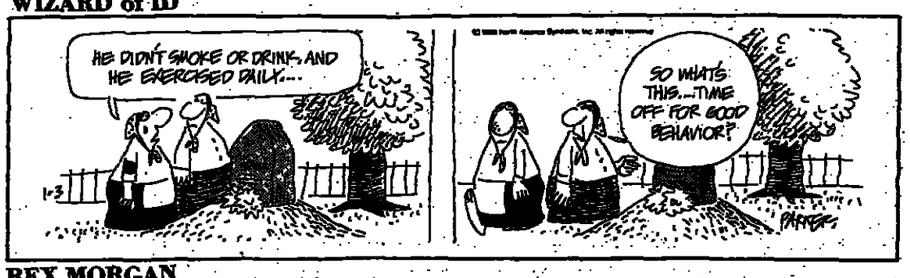
DOONESBURY



ANDY CAPP



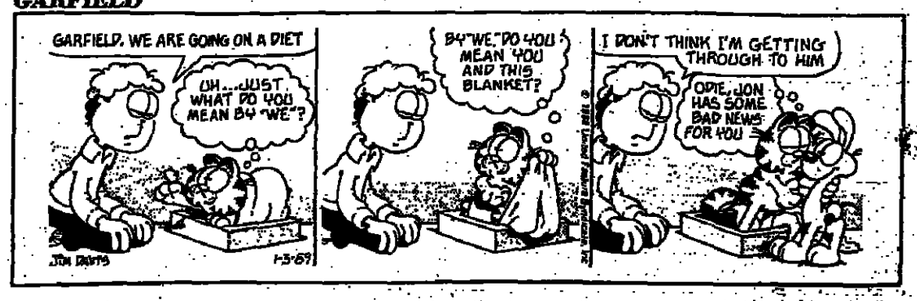
WIZARD of ID



REX MORGAN



GARFIELD



SPORTS

Sooners Lose 13-6 To Clemson

United Press International

ORLANDO, Florida — Terry Allen took a 4-yard pitchout around left end for the game's only touchdown five minutes into the final period and Clemson, ranked No. 13, ended the University of Oklahoma's domination of the Atlantic Coast Conference on Monday with a 13-6 Citrus Bowl triumph over the 10th-ranked Sooners.

A Citrus Bowl-record crowd of 53,571 turned out to see a defensive

CITRUS BOWL

struggle in Oklahoma's final bowl appearance for at least three years. The Sooners, 9-3, have been placed on three year' probation by the National Collegiate Athletic Association for repeated recruiting violations, including a two-year ban on bowl games.

The Tigers, 10-2, entered the game favored by one point despite Oklahoma's 16-0 record against ACC opponents. The three-time defending conference champions began the game-winning drive from the Clemson 20 after the Sooners forged a 6-6 tie. Allen, whose fumble led to Oklahoma's tying field goal, caught passes of 11 and six yards from Rodney Williams on the 15-play march. The sophomore tailback gained 53 yards in 17 carries and added 47 yards on four receptions to earn Most Valuable Player honors.

Williams, a four-year starter playing his final collegiate game, gained five yards on a third-down keeper from the Oklahoma 24 and then hit Ricardo Cooper for 10 yards on third-and-six from the 15. Two plays later, Allen took Williams' pitch, spun away from freshman linebacker Chris Wilson at the 5-yard line and dashed into the end zone with 10:28 remaining.

Chris Gardocki kicked field goals of 20 and 46 yards for Clemson while Oklahoma's R.D. Lashar connected from 35 and 30 yards out. The Sooners, who averaged 30 points per game during the regular season, did not score a touchdown in their final 10 quarters.

Sooner quarterback Jamelle Holieway didn't complete a pass until 10 minutes remained in the game, but hit Chris Cabbiness for fourth-quarter completions of 33 and 35 yards. After Lashar missed a 39-yard attempt, Holieway scrambled for 11 yards on fourth-and-10 from the Sooner 20 to spark one final drive, but his third-down pass from the Clemson 15 fell incomplete into the left corner of the end zone as time expired.

A rare Clemson turnover led to Lashar's 30-yarder that tied the score 6-6 with 2:17 remaining in the third period.

Aikman and UCLA Top Arkansas, 17-3

The Associated Press

DALLAS — Troy Aikman's third-down efficiency befuddled Arkansas on two long touchdown drives Monday as the ninth-ranked UCLA Bruins set an NCAA record with their seventh consecutive bowl victory by downing the Arkansas Razorbacks 17-3 in the Cotton Bowl.

Aikman converted 12 of 20 third-down opportunities and threw a touchdown pass as the Bruins, runners-up in the Pacific-10 Conference, improved their record to 10-2.

Arkansas, the Southwest Conference champion, dropped to 10-2.

UCLA broke a tie with Georgia Tech, Nebraska, Southern California and Alabama in claiming a spot in the record books with a seventh bowl victory. The Bruins' victory streak includes three Rose Bowls, a Fiesta, an Aloha and a Freedom bowl.

Aikman overcame an early interception to direct the Bruins on touchdown drives of 93 and 74 yards as UCLA forged a 14-0 halftime edge over the Hogs, who had only two first downs at halftime.

Aikman converted six straight third-down situations before Mark Estwick scored on a 1-yard run for a 7-0 Bruin lead after a scoreless first period.

Late in the first half, Aikman took UCLA on a beat-the-clock drive in which he fooled Arkansas for the second touchdown. On third-and-goal from the Hogs 1, he bootlegged the ball on a fake sweep then flipped a touchdown pass to tight end Corwin Anthony with 21 seconds left for a 14-0 lead.

Arkansas' Kendall Trainor kicked his 24th consecutive field goal, a 49-yarder, in the third period to keep the Hogs from a shutout.

UCLA's only second half points came on Alfredo Velasco's 32-yard field goal in the fourth period.

Aikman made excellent use of UCLA's running game, feeding the ball to third-string freshman tailback Shawn Wills 18 times for 120 yards.

Aikman was closely watched by members of the downtrodden Dallas Cowboys' organization, who are

COTTON BOWL

thinking about making him the first pick in the NFL draft.

Aikman finished his career at UCLA with a 20-4 record as a starter. He hit 19 of 27 passes for 172 yards.

UCLA's alert defense held Arkansas to only four first downs, one by penalty.

Aikman had early jitters, failing to see Arkansas linebacker LaSalle Harper at the Razorback 12. The interception beat back a UCLA first-period drive that had reached the Hog 17 after an interception and 20-yard return by Darryl Henley.

UCLA's first touchdown drive was helped by a personal foul against Arkansas' Otis Lloyd after Aikman had been stopped short on a third-down run.

Aikman then completed a 10-yard pass to Reggie Moore, a 12-yard pass to Mike Farr, and a 9-yard pass to Brendan McCracken, all on third down, on the 93-yard scoring drive.



Nancy Nightswander/The Associated Press

Michigan State passer Bobby McAllister feels some Georgia heat.



The Associated Press

Michael Carter, the 49ers nose tackle, swoops in on a falling Wade Wilson, the Vikings quarterback.

Bengals Sense Edge Over Bills

Cincinnati Has Not Lost at Home and Beat Buffalo Once

By Clifton Brown
New York Times Service

CINCINNATI — This season the Cincinnati Bengals have already beaten the Buffalo Bills once and have yet to lose a game at home.

Those are just two reasons the Bengals think they are bound for Super Bowl XXIII on Jan. 22. To get there, Cincinnati must defeat the Bills on Sunday in the American Football Conference championship game at Riverfront Stadium.

"I think our guys realize what our goal is, and it's not to be runner-up in the AFC," said the Bengal wide receiver, Cris Collinsworth.

"If we lose the next one, that's all you are. And who remembers who lost the AFC championship game?"

"For myself, it may be the biggest game I've ever played in. We went to the Super Bowl when I was a rookie, but we haven't been back since. I'm 29 years old now, and I don't know how many chances I'll get to go back. So I want this game badly. I think all of us do."

The Bengals appear to be peaking at just the right moment. All their top players are healthy. They have the first-ranked offense in the National Football League, and Boomer Esiason is the top-rated passer.

But in the 21-13 playoff victory Saturday over the Seattle Seahawks, the Bengals relied on two other ingredients: running and defense.

Ickey Woods rushed for 126 yards on 23 carries as Cincinnati pounded Seattle for a season-high 254 yards rushing. Esiason completed only 7 of 19 passes as the Bengals ran on 47 of their 69 offensive plays.

Jim McNally, Cincinnati's offensive-line coach, said: "If you want to make it to the Super Bowl, you've got to run the ball. We ran left, we ran right. I kept asking them, 'What play do you want to run?' They said, 'Run them all.'"

The Cincinnati defense was equally impressive. Seattle was held to 18 yards rushing — zero in the first half. The Bengals' offense has been credited for most of the success, but the defense has held opponents to fewer than 20 points eight times this season.

"All I was hearing about was how Seattle was going to move the ball," said Lewis Billups, Cincinnati cornerback.

"It was offense this, offense that. That was kind of an insult to us. Even their coach said it was going to be a high-scoring game. It was kind of a slap in the face. I felt we had to go out and make a statement."

Cincinnati and Buffalo last met Nov. 27 in Cincinnati, and the Bengals won 35-21, piling up 455 yards of total offense. Woods rushed for 129 yards and three touchdowns.

Road to the Super Bowl

Following are matchups for the National Football League playoffs:

AFC Divisional Playoffs: Cincinnati Bengals defeated Seattle Seahawks, 21-13. Buffalo Bills defeated Houston Oilers 17-10; Bengals play Bills in Cincinnati for the AFC championship Sunday, Jan. 8, 12:30 Eastern time.

NFC Divisional Playoffs: Chicago Bears defeated Philadelphia Eagles 20-12. San Francisco 49ers defeated Minnesota Vikings 34-9. 49ers play Bears in Chicago for the NFC championship Sunday, Jan. 8, 4 P.M. Eastern time.

Super Bowl XXIII: Sunday, Jan. 22, Miami, 5 P.M. Eastern time.

49ers' Passing Sinks Hapless Vikings, 34-9

Tom Friend
Washington Post Service

SAN FRANCISCO — Joe Montana and Jerry Rice played catch Sunday; Wade Wilson and Anthony Carter did not. The one-sided result, on a mushy field at Candlestick Park, was a fog-free, 34-9 San Francisco 49ers playoff victory over the Minnesota Vikings.

The 49ers not only extended Bill Walsh's much-debated coaching future another week, but earned a trip to the National Football Conference championship next Sunday against the Chicago Bears.

The San Francisco offense has been called three-dimensional, and that held true for this game, with Montana, wide receiver Rice and running back Roger Craig tagteaming for every 49ers point.

Three touchdown passes from Montana to Rice built a 21-3 cushion by halftime. Then an improbable 28-yard pass to Rice during the third quarter that should have been intercepted by Reggie Rutland set up a four-yard run by Craig that made the score 28-9 and sewed up the game.

Immediately after the score, Minnesota's enthusiastic defensive lineman, Keith Millard, took a punch at Montana, swiping him clean in the face-mask. Montana apparently had run up to congratulate his offensive linemen and Millard had had enough. He later apologized to Montana.

The Vikings' interior lines, both offensive and defensive, were believed to be set to overthrow the 49ers, but the opposite developed.

Wilson, the Vikings quarterback, was sacked six times, penalized twice for intentional grounding and never quite focused on Carter, his record-breaking wide receiver.

It was only last year that Carter sifted through these 49ers in the playoffs for 10 receptions and 227 yards. On Sunday, the ball wasn't even thrown to him in the first half, and he did not get his hands on it until 13:52 remained in the third quarter — on a punt.

"We tried to design things to get the ball to him," Wilson said, but the 49ers "weren't going to let him have the success he had last year."

Craig took his time warming up, gaining only 14 yards on 11 carries in the first half. But just after Wilson failed on a fourth-down toss to wide receiver Hassan Jones in the end zone with 9:42 remaining, Craig took a normal handoff, slipped by cornerback Carl Lee and saw only green grass and safety John Harris. Craig won the 80-yard dash, and the 49ers had all of their points and a 34-9 lead.

"Faster than I thought," Harris said of Craig, who rushed for a total of 135 yards on 21 carries.

But the Montana-Rice combination was more relevant in the first half. Montana had been pulled out of the last two games against Minnesota, and the fear was he would have little room to maneuver against the Vikings defense, ranked first in the National Football League. On the game's first series, this proved true when Henry Thomas sacked him.

On their first possession, the Vikings marched to a 47-yard field goal by Chuck Nelson that traveled 47 yards and 1 inch, just clearing the right side of the crossbar. But the lead quickly evaporated when Montana turned to short slants and rollout tosses — plays in which timing was everything and against which rushes were useless.

The first touchdown was a two-yard down-and-out pattern on which Rice beat Lee to make the score 7-3.

The second touchdown, set up by safety Ronnie Lott's interception of a hurried pass by Wilson, was a four-yard down-and-out pattern on which Rice beat Rutland to make the score 14-3.

The third was an 11-yard out pattern to Rice, who beat Rutland to make the score 21-3 with 38 seconds left in the first half.

Coming into the game, Rice had not caught a touchdown pass in three years of playoff games, and Montana had not thrown one in those three years.

As for Montana, his statistics at the half were 11 of 14 for 111 yards, though he tapered off and finished 16 of 27 for 178 yards. Walsh rested him in the fourth quarter, replacing him with Steve Young.

Minnesota's loss ended a string of three years in which the NFC runner-up one year went to the Super Bowl the next. Minnesota lost to the Washington Redskins in the NFC title game last year.

The reasons the Vikings lost are simple. They have never had a consistent running game this season, and Carter needed to see more of the ball.

A key turnaround was their failure to keep momentum early in the third quarter after Wilson found Jones with a five-yard touchdown pass that made the score 21-9. Nelson, who had made eight straight field goals at Candlestick, missed the extra point.

Just after the score, safety Joey Browner intercepted Montana at the 49ers 43-yard line, but the Vikings could not make a first down and they punted to 49ers, who then got the key 28-yard reception to Rice.

Wilson completed 23 of 47 passes for 255 yards and two interceptions. Apparently, the Vikings coach, Jerry Burns, never considered replacing Wilson with Tommy Kramer, an experienced backup.



Reuters-UPI

Roger Craig of the 49ers breaks through a big hole in the line.

Tomczak's Injury In Eagles Game Is Called Slight

New York Times Service

CHICAGO — The Chicago Bears have received good news about Mike Tomczak, their starting quarterback.

They learned Sunday that his shoulder injury was not as bad as expected, and they said he might play next Sunday against the 49ers.

Tomczak, who passes right-handed, injured his left shoulder in Saturday's 20-12 victory here over the Philadelphia Eagles.

Tomczak was injured with three minutes left in the third quarter when Reggie White, the Eagles' Pro Bowl defensive end, fell on him just as a Tomczak pass was intercepted.

Dr. Clarence Fossier, the Bears' physician, examined Tomczak after the game and again Sunday. He said the shoulder was bruised, but he found no separation.

In the 13th week of the National Football League's regular season, Tomczak suffered a mild separation of that shoulder and missed the next two games. He was afraid the same thing had happened this time.

Syracuse Beats LSU By 23-10

The Associated Press

TAMPA, Florida — Robert Drummond ran for 122 yards and two touchdowns, and Syracuse intercepted three passes Monday,

HALL OF FAME BOWL

leading the 17th-ranked Orangemen to a 23-10 victory over Louisiana State in the Hall of Fame Bowl.

Drummond, voted the game's most valuable player, scored on a 2-yard run in the first quarter and snapped a 10-10 tie with a 1-yard touchdown dive with 5:53 left in the third period.

Todd Philcox completed 16 of 23 passes, including a 4-yard scoring pass to Deval Glover that made it 23-10 less than a minute into the final quarter. Placekicker Kevin J. Greene missed the extra point after Syracuse's last TD.

Syracuse, winning a postseason game for the first time since defeating McNeese State in the 1979 Independence Bowl, finished with a 10-2 record on the heels of last season's 11-0-1.

LSU, co-champion of the Southeastern Conference, fell to 8-4. The 16th-ranked Tigers rallied from a 10-0 deficit to tie the score in the third quarter but were unable to stop Syracuse on two key offensive possessions.

LSU, which has lost in four of its last five postseason appearances, scored on Calvin Windom's 19-yard run and David Browndyke's 23-yard field goal.

Georgia Outlasts Michigan St., 34-27

The Associated Press

JACKSONVILLE, Florida — Vince Dooley was happy to leave a winner Sunday night, but he also went out a surprised coach after watching his Georgia Bulldogs outlast Michigan State 34-27 in the Gator Bowl.

"I am really thrilled to beat a very good football team like Michigan State," said Dooley, who is leaving Georgia after 25 years, "but I was surprised to see two run-oriented football teams take part in one of the great passing classics."

The two teams combined to pass for more than 500 yards and six touchdowns.

Wayne Johnson passed for a career-high 227 yards and three touchdown passes and Rodney Hampton ran for 109 yards and scored three times as Georgia rolled up 409 yards offense.

The Georgia victory spoiled a record-setting performance by Andre Rison of Michigan State, who caught nine passes for 252 yards.

Rison caught scoring passes from Bobby McAllister on plays covering 4, 55 and 50 yards. He also caught a 51-yard pass to set up Blake Ezor's 3-yard touchdown run to bring Michigan State within 27-20 in the opening minute of the fourth quarter.

Even with McAllister passing for 288 yards, the Spartans were unable to overcome an early 17-0 deficit.

Johnson, a senior who passed for only 945 yards and four touchdowns during the season, connected with Hampton on first-half scoring passes covering 6 and 30 yards, while Steve Crumley kicked one of his two field goals as Georgia took a 17-7 lead.

Hampton, a sophomore, also scored on a 32-yard run in the

GATOR BOWL

fourth quarter to give the Bulldogs a 34-20 lead.

Georgia finished its year with nine victories and three losses, while Michigan State fell to 6-5-1.

In all, Dooley coached the Bulldogs to 201 victories including the triumph Sunday, which was the first meeting of the two schools. *(See Scoreboard)*

Georgia took its 17-0 lead, scoring on its third successive offensive series, when Johnson threw for 66 yards on a five-play, 74-yard scoring drive capped by a 30-yard touchdown pass to Hampton.

Hampton caught a 6-yard scoring pass as Georgia grabbed a 7-0 lead in the final second of the first quarter. Johnson's 21-yard pass to Sean Hummings on a first and 15 from midfield was the key play of the drive.

■ **Aide to Replace Dooley**

After failing to land its top two choices, Georgia on Monday named assistant coach and former Bulldogs quarterback Ray Goff to replace Dooley as head coach.

Goff, 33, has served on the Georgia staff since 1981, coaching the running backs the last three seasons. He played quarterback for Dooley from 1974-1976, leading Georgia to a 19-5 mark in his last two seasons.

Picking No. 1: How the Polls Work

By William Sullivan
Washington Post Service

WASHINGTON — As college football teams competed for the national championship Monday, it was not necessarily who won but who is going to vote that will determine No. 1.

Voters have had the final say since 1936 in The Associated Press poll of writers and broadcasters and since 1950 in the United Press International poll of coaches.

Although these news agency polls usually are compiled Sunday night for release Monday, this week's rankings will be tabulated Monday after the seven bowls — Fiesta, Orange, Cotton, Citrus, Rose, Sugar and Hall of Fame — for release Tuesday.

The voting process often becomes controversial. In 1974, Oklahoma was No. 1 in the AP poll, but was not listed in the UPI poll because it was on probation from the National Collegiate Athletic Association. UPI has an agreement with the coaches' association that bars a team on probation from being ranked. That year, UPI picked the University of Southern California for the top spot.

The AP panel is made up of 60 members who are geographically selected with regard to the density of colleges in an area. Voters are chosen by the regional AP news bureaus. Newspapers represented include both small and large.

In the UPI poll, 50 coaches pick the champion. Only forty-nine will vote this year, because the rules excluded the coach of Texas A&M, since the school is on probation. Votes are distributed by region, 10 each coming from the Atlantic, Southern, Midwestern, Western and Southwestern regions.

Coaches are selected strictly from Division I ranks by UPI college football editors. The voting list, as AP's, generally remains the same, unless a team's coach is placed on probation or fired. And a coach may vote for his own team.

VANTAGE POINT/Dave Anderson

Play in Foul Weather? That's Pro Football

New York Times Service

BUFFALO, New York — Since the Buffalo Bills emerged as a Super Bowl contender, pro football people wondered what the weather would be like here Jan. 1 for a playoff game. Surely freezing. Maybe snow.

But Sunday turned up sunny and warm, at least sunny and warm for Buffalo this time of year: 33 degrees Fahrenheit (1 degree centigrade) at the kickoff with hardly any wind.

But as the Bills advanced to the AFC championship game in Cincinnati on Sunday, nobody was talking about the weather here. They were too busy talking about the weather Saturday in Chicago, when fog shrouded the Bears' 20-12 victory over the Philadelphia Eagles in controversy: Should the game have been stopped?

Despite the fog, the view in Buffalo is that the decision to finish was correct. Through the years, pro football games have been played in snowstorms and rainstorms, in icy weather with Arctic wind-chill factors and in exhausting heat. That's pro football.

And those are the games that seem to define pro football better than anything else. Those are the games fans talk about for years. Those are the games that the lore of pro football cherishes.

Players not being able to see that clearly in a fog was not that much different than players not being able to see that clearly in a snowstorm or a rainstorm.

In 1948 the Philadelphia Eagles won the National Football League title in a blizzard, 7-0, over the Chicago Cardinals in Shibe Park. Dozens of games have been played in downpours. Others have been played in inhumane cold.

But fog had never so affected any NFL game as it did Saturday. According to Jim Tunney, the referee, Bear and Eagle players had enough visibility for the game to continue after the fog rolled off Lake Michigan. Tunney insisted that he could always see at least 50 yards ahead.

"If Tunney had said both teams can't see the ball," the NFL commissioner, Pete Rozelle, was saying in Buffalo on Sunday, "we would've had to suspend the game. Hopefully temporarily."

Despite the Eagles' loss, their coach, Buddy Ryan, did not use the fog as an alibi.

And if Randall Cunningham, the Eagles' quarterback, was able to pass for more than 400 yards, he must have been able to find his receivers in the fog.

In other years, fluffs of fog have occasionally descended on pro football games. At Super Bowl XIX in Stanford Stadium, wisps floated in during the second half. Paul Hornung of the Green Bay Packers once scored five touchdowns in a misty 1965 game in Baltimore.

In a 1965 Western Conference playoff in Green Bay, Wisconsin, Don Chandler kicked an overtime field goal through some fog to eliminate the Colts, who griped that the kick was wide.

If it took 69 seasons for fog to affect an NFL game, chances are it won't happen again soon.

But if fog were too thick for the Bears and the San Francisco 49ers to see the ball next Sunday at Soldier Field in the NFC championship game, Rozelle would invoke a temporary suspension. This would be for an hour or two, if weather forecasters thought the fog would lift by then.

"When our people checked with the National Weather Bureau on Saturday," Rozelle said, "if we had been told that the fog would lift in an hour, we might've suspended the game and hoped they were right."

Suspending a game temporarily for an hour or two and then finishing it is understandable. But suspending a game and resuming it the next day would create problems, especially for those fans who had discarded their tickets.

The basic philosophy in any sport is to finish a game if possible. Not for the spectators, not for the television audience, but for the integrity of that particular game.

SCOREBOARD

BASKETBALL

AP College Poll

The Associated Press rankings (first-place votes from a panel of sportswriters and broadcasters; records through Jan 1; total points based on 20-19-18, etc.; previous rankings):

	Record	Pts	Pvs
1.Duke (49)	8- 0	1192	1
2.Syracuse (5)	13- 0	1145	3
3.Illinois	12- 0	1040	4
4.Oklahoma	10- 1	995	6
5.Georgetown (5)	9- 0	985	5
6.North Carolina (2)	11- 1	951	7
7.Michigan	12- 1	837	2
8.Arizona	8- 1	804	8
9.Iowa	11- 1	693	9
10.Seton Hall	12- 0	618	13
11.Missouri	12- 3	595	11
12.Nev.-Las Vegas	7- 2	552	12
13.Louisville	7- 2	519	14
14.Ohio State	9- 2	427	15
15.Florida State	8- 1	355	10
16.N.Carolina St.	6- 1	246	18
17.Tennessee	8- 1	203	19
18.Kansas	10- 1	192	20
19.Georgia Tech	7- 2	161	17
20.Georgia	9- 2	98	—

Selected College Scores

Evansville 78, Murray St. 70
New Orleans 91, Bradley 63
Arkansas 103, South Alabama 77

HOCKEY

NHL Standings

WALES CONFERENCE

Patrick Division

	W	L	T	Pts	GF	GA
Pittsburgh	23	12	3	49	179	153
NY Rangers	20	14	5	45	153	140
Philadelphia	21	18	2	44	160	138
Washington	19	15	5	43	135	133
New Jersey	13	19	7	33	135	164
NY Islanders	10	24	2	22	111	153

Adams Division

Montreal	27	10	6	60	146	122
Boston	15	15	9	39	124	115
Buffalo	14	19	4	32	135	153
Hartford	15	20	3	33	134	139
Quebec	13	23	4	30	142	183

CAMPBELL CONFERENCE

Norris Division

	W	L	T	Pts	GF	GA
Detroit	18	15	5	41	151	148
St. Louis	14	17	7	35	126	134
Toronto	14	23	3	31	129	173
Minnesota	12	19	7	31	125	143
Chicago	10	24	5	25	147	181

Smythe Division

Calgary	24	8	6	54	157	107
Los Angeles	24	14	1	49	202	157
Edmonton	20	14	4	44	173	146
Vancouver	15	20	5	25	129	131
Winnipeg	14	14	7	35	146	151

SUNDAY'S RESULTS

Toronto	5	1	2 0—3
Chicago	2	1	0 0—3

Presley (8), Manson (11), Larmer (19); Osborne (7), Olcyk (21), Iafrate (6). Shots on goal: Toronto (on Pang, Belfour) 8-15-12-0—35; Chicago (on Wregget) 12-13-15-3—43.

Montreal	1	2	1	—4
Vancouver	0	0	0	—0

Richer (10), Chelios (8), Gainey (9), Robinson (3). Shots on goal: Montreal (on Gamble) 12-14-7—33; Vancouver (on Ray) 14-13-10—39.

TRANSITION

COLLEGE

ARIZONA—Named Chuck Knoles interim swimming coach.

CALIFORNIA-SANTA BARBARA—Named Rick Candaele acting football coach.

ST. JOHN'S—Declared Greg Harvey, basketball guard, ineligible for spring semester.

HOCKEY

National Hockey League

CALGARY—Recalled Theoren Fleury, forward, from Salt Lake City, International Hockey League.

FOOTBALL

College Bowl Games

California Bowl
Fresno St. 35, Western Michigan 30
Independence Bowl
Southern Mississippi 38, Texas-El Paso 18
Sun Bowl
Alabama 29, Army 28
Blue-Gray All-Star Classic
Blue 22, Gray 21
Aloha Bowl
Washington State 24, Houston 22
Liberty Bowl
Indiana 34, South Carolina 10
All-American Bowl
Florida 14, Illinois 10
Freedom Bowl
Brigham Young 28, Colorado 17
Holiday Bowl
Oklahoma St. 62, Wyoming 14
Peach Bowl
North Carolina State 28, Iowa 23
Gator Bowl
Georgia 34, Michigan State 27
JAN. 2
Hall of Fame Bowl
Syracuse 23, Louisiana State 10
Citrus Bowl
Clemson 13, Oklahoma 6
Cotton Bowl
UCLA 17, Arkansas 3
Fiesta Bowl
Notre Dame (11-0) vs. West Virginia (11-0)
Rose Bowl
Michigan (9-2-1) vs. Southern Cal (10-1)
Sugar Bowl
Auburn (10-1) vs. Florida State (10-1)
Orange Bowl
Nebraska (11-1) vs. Miami (9-1)

Dooley's Record

Career coaching record for Vince Dooley, who retired as head football coach at Georgia following Sunday's Gator Bowl game against Michigan State:

Year	W	L	T
1964 Georgia	7	3	1
1965 Georgia	6	4	0
1966 Georgia	10	1	0
1967 Georgia	7	4	0
1968 Georgia	8	1	2
1969 Georgia	8	5	1
1970 Georgia	5	5	0
1971 Georgia	11	1	0
1972 Georgia	7	4	0
1973 Georgia	7	4	1
1974 Georgia	6	6	0
1975 Georgia	9	3	0
1976 Georgia	10	2	0
1977 Georgia	5	6	0
1978 Georgia	9	2	1
1979 Georgia	6	5	0
1980 Georgia	12	0	0
1981 Georgia	10	2	0
1982 Georgia	11	1	0
1983 Georgia	10	1	1
1984 Georgia	7	4	1
1985 Georgia	7	3	2
1986 Georgia	8	4	0
1987 Georgia	9	3	0
1988 Georgia	9	3	0
Totals	201	77	10

SOCCER

BRITISH FIRST DIVISION

Arsenal 2, Tottenham 0
Coventry 5, Sheffield Wednesday 0
Luton 4, Southampton 1
Middlesbrough 1, Manchester United 0
Millwall 1, Charlton 0
Newcastle 0, Derby 1
Nottingham Forest 2, Everton 0
Queen's Park Rangers 1, Norwich 1
West Ham 1, Wimbledon 2

SPANISH FIRST DIVISION

Real Madrid 4, Espanol 1
Barcelona 3, Atletico Madrid 1
Zaragoza 3, Malaga 1
Oviedo 1, Logrones 1
Osasuna 6, Gijon 0
Sevilla 3, Murcia 0
Athletic Bilbao 2, Celta 0
Cadiz 1, Valladolid 1
Valencia 1, Real Sociedad 0
Elche 0, Betis 0

هكذا من الأصل

ART BUCHWALD

Relapsing Resolutions

WASHINGTON — We are entitled to one Resolution Column, every other New Year.

Resolved: In 1989 I will eat only ice cream, layer cake or cherry pie in place of dessert.

I will never wish another person a nice day, unless I am really mad at him.



Buchwald

If someone says to me, "Make my day," I will spray his car with red paint.

I will no longer take any junk telephone calls no matter how desperate the computer on the other end sounds.

I'm not going to sell my column to Rupert Murdoch this year unless Drexel Burnham provides me with a golden parachute.

I will not buy any magazine that has Princess Di, Fergie or Yoko Ono on the cover.

I have decided that if my children give me a choice for Father's Day, I'd rather have a Picasso from Sotheby's than a bucket of chicken from Roy Rogers.

Resolved: I will only spend my weekends with Willie Horton, if he gets me a date.

I will only use steroids endorsed by Ben Johnson.

If Mikhail Gorbachev stops to talk to me on a Washington street corner in 1989, I'll just tell him to keep moving.

I shall refuse to go sailing with anyone who says, "We'll get you back by 4 o'clock."

I'm going to start a political action committee so that I can own my own congressman like everybody else.

I won't read any more junk mail envelopes that say on the outside, "Dear Art: If you open this letter we will send you a million dollars."

I shall refrain from writing open letters to Vice President Dan Quayle as he has enough to do without worrying about what I think.

As a matter of principle I will not play Nintendo with my grandchild unless he lets me win.

I will not watch any religious TV show where the minister is known to have violated more than three of the 10 Commandments.

If a seat opens up on the Supreme Court, I will not actively campaign for it unless the eight other justices ask me to.

I will only move my family to a radon gas site if I can get a 10 percent fixed S&L mortgage on the house.

I'm not going to speak to Kitty Kelley about the book she is writing on Nancy Reagan because there are certain things a first lady says to you that have to be kept in confidence.

I won't buy life insurance from ex-quarterback Roger Staubach until he tells me what's in it for him.

The IRS is not going to get any taxes from me in 1989 unless George Bush tells me it is okay.

I intend to take a memory course so that I can recall all the names of the people who worked for President What's-His-Name.

Even if Yasser Arafat is welcome in the United States in 1989, I resolve not to put him up in our spare room.

Madame Tussaud's Legacy

The Associated Press

LONDON — Madame Tussauds, the firm that operates the London waxworks that draws 2.5 million visitors a year, has bought a medieval castle and a set of caves, owns one theme park and plans to build another for $50 million (about $90 million), according to Michael Herbert, Madame Tussauds' chief executive.

It's also delving into non-wax Disney-style animated figures.

The company hasn't forsaken its roots. Its wax statues pop up at new ventures and the original exhibition has been London's top fee-paying tourist site for two years.

Tussauds — the company as opposed to Madame Tussaud's, the waxworks — first expanded in 1970 with an exhibition in Amsterdam that has been so successful the company hopes to move to a bigger site.

Marie Tussaud, a sculptor in Paris, inherited the waxworks from the uncle who trained her. She moved to England in 1802.

Imagine — Venice Without Gondolas?

By Jennifer Parmelee

Washington Post Service



Reuters

Gondoliers want controls on motorboats and pollution to help preserve their boats.

VENICE — Tucked away along the banks of a dirty canal, far away from the crowds at St. Mark's Square and the Lido, is a dank and homely warehouse that is birthplace to one of the world's most beautiful boats: the Venetian gondola.

At this humble site with its dim lighting and carpet of wood chips and grime over an earthen floor, Nedis Tramontin and his family have been crafting the elegant black boats for the past century or so, earning a reputation as the city's most distinguished gondola makers. But today, assaulted by the demands and perils of modern life, their once-thriving trade threatens to become a lost art.

"We are in crisis," admits the 67-year-old Tramontin.

During the heyday of the Venetian Republic in the 15th and 16th centuries, about 10,000 to 15,000 gondolas ferried moneyed citizens from one sumptuous palazzo to the next, silent witnesses to funerals and weddings, soirées and shopping sprees, love affairs and political intrigues. The music of gondola makers at work with their axes and saws resonated along the city's more than 150 canals, a lively counterpoint to the constant lap of the sea waters.

Taxi, love craft and way of life, the gondola over the years became the indelible signature of this city of water and light, immortalized in poetry and popular songs, great works of art and a staggering variety of kitsch.

The romantic tradition of the gondola is still alive, but in reality, only a few more than 300 gondolas are left, mostly catering to tourists. That number is shrinking fast, moving Venetians to ponder the unthinkable: What would their city be like without the gondola?

Only three real *squeri* — workshops for making gondolas — can be found in Venice, producing 10 to 12 gondolas a year. The city's gondoliers need two to three times that number to replace gondolas that have aged beyond repair, and the squeri are booked with orders that will take them beyond the year 2000.

One reason for the unfavorable supply-and-demand equation is Venice's water pollution and the battering wake of motorboats. Gondolas do not survive as long as they used to. Gondoliers report that they have to replace their boats every 10 to 15 years; before the onslaught of motorboats, gondolas lasted up to 50 years.

But the heart of the matter is that gondola makers, or *squeraroli*, are a dying breed. "We need pupils; that is the problem. Otherwise we will be all alone," says Tramontin. "We will never be able to build all the boats that need building. The gondola may gradually disappear."

While the calling of the gondolier has come out of a slump and now is a popular occupation, mostly because of the recent high tides of tourist dollars, few young men opt for the long and painstaking apprenticeship of the *squerarolo*.

Tramontin's son Roberto is one of those few. At age 34, he says he is the youngest squerarolo in Venice. And with only a 16-month-old daughter who is unlikely to want to enter the traditionally all-male trade, he could be the last heir to the closely held secrets of his great-grandfather, Domenico, who in the 1800s designed what was considered the first modern gondola, with no keel and the off-center balance that is standard today.

No blueprints or instruction manuals for gondolas have been passed down through the generations — just knowledge and skill that seem to border on the mystical.

"It's not as if you can turn on a machine and make a gondola, like you would stamp a spoon out of metal," explains the younger Tramontin.

Venetian gondolas do have certain basics in common. Each craft measures about 10 meters long (about 35 feet), with a maximum width of about 1.4 meters across the beam, and is composed of 280 pieces of walnut, fir, cherry, lime and other woods painted black. Its flat bottom is asymmetric so the gondolier can pole from one side. And when it's fully rigged, a gondola weighs about 500 kilograms (about 1,100 pounds) and costs an average of $23,000.

"You can't make the same boat for a gondolier who weighs 70 kilos or 100 kilos," explains the elder Tramontin. "For a thinner one, we raise the bow a bit and drop the stern." He pats the frame of the gondola, whose regal silhouette is already unmistakable, and tosses out another variable: "The grain of the wood may go one way or another. Trees aren't all the same, you know, so you have to change the design a bit to fit the wood, to adjust the curve of the boat — "

"All by eye, you understand," interjects his son.

The squerarolo must also know how to keep pace with the times without sacrificing the beauty of the boat. Gondola makers, for instance, were forced to phase out the little curtained compartment known as the *felze* — long a favorite trysting spot — because it made the gondola too unbalanced to navigate the waves caused by motorboats.

But the Tramontins say they have considered, and rejected, proposals to alter the shape of the gondola to make it better withstand the chop of the lagoon waters. "The gondoliers wouldn't like it because it would totally ruin the beautiful line of the boat," asserted the younger Tramontin. "You have got to be able to combine function with aesthetics."

Roberto says it took him about 15 years to master the technique and the many nuances that mystify even Venetians who have grown up around gondolas. Says Mario Mingardi of Venice's Society for the Protection of the Gondola and the Gondolier: "It's almost alchemy."

Most young people today don't have the patience and talent to work on gondolas, according to Roberto Tramontin, and most lack that certain spark. "You've got to be intelligent, creative, know how to learn," he says. "But the most important thing is to have the passion for making gondolas. Otherwise you'll never make progress."

Proposals to open a school for gondola makers surface periodically, only to vanish. Mingardi's largely publicly funded group says it lacks the money to run such a school. And Venice's steadily aging squeraroli, pointing to the shabby condition of their workshops, say they don't have the time or resources to take on apprentices.

The Society for the Protection of the Gondola and the Gondolier has repeatedly proposed legislation to reduce the speed limits for the motorboats that zip up and down the Venetian canals and churn up a wake that batters both gondolas and the city's crumbling palazzos — so far without success. A similar silence has greeted suggestions by environmentalists to create a "blue zone" in the center of the city that would allow only oar-powered boats.

Most Venetians, when asked, predict the gondola will somehow survive, as it has for centuries. After all, it has outlasted plagues, wars, invasions, annual floods and the fall of the Venetian empire. It is bound up with Venetian history and retains an allure for tourists and the thousands of lovers who come from around the world each year just to share a kiss under the Bridge of Sighs. Romance and tradition, they feel, will surely win out over the transient values of today.

"The future doesn't look that rosy, but it's not black-black either," says Roberto Tramontin. "The gondola needs Venice and Venice needs the gondola. After all, it's the symbol of this city."

PEOPLE

Montand's New Role: Fatherhood at Age 67

The French singer-actor Yves **Montand** became a father for the first time, at the age of 67. **Valentin Giovanni Jacques Livi** was born New Year's Eve to Montand's companion, 28-year-old **Carole Amiel**, in Nice. The baby weighed nine pounds. Montand said he felt "a mixture of joy and worry. It is both strange, wonderful and moving." Montand, born Ivo Livi to a poor family in Italy, immigrated to France with his family at the age of 3. Montand had no children from his 33-year marriage with the actress **Simone Signoret**, who died in 1985.

□

The U.S. singer **Eddie Money** is booked for a February festival celebrating improved U.S.-Soviet relations that will feature rock 'n' roll musicians, dance and gospel groups and politicians from both nations. "It will be a giant celebration — a potpourri of Soviet and American groups," said **Dixie Belcher**, director of Camai, an Alaska arts organization co-sponsoring the Feb. 24-25 event with the Alaska State Chamber of Commerce. Belcher said the festival was proposed last summer by **Stas Namin**, a popular Soviet rock musician.

□

Cab Calloway couldn't perform New Year's Eve but he sent his fans a message. "I wish everyone a Happy New Year," said Calloway, 81, from the White Plains, New York, hospital where he is in critical but stable condition while recovering from abdominal surgery. "This is the first time ever that he has missed New Year's but it's also the first time he's ever been critically ill," said **Cabella Calloway**, daughter of the "hi-de-hi-de-ho" man.

□

Jim and **Tammy Faye Bakker** returned to television after a two-year absence with a show broadcast from the living room of their borrowed home in Pineville, North Carolina, to a handful of stations around the United States. "Jim, I think this is probably the happiest day of my life," Mrs. Bakker said as the show began. Sporting her trademark heavy eye makeup, she began crying two minutes into the hour-long show. Bakker, the founder of PTL, left his television ministry in March 1987 in the midst of a sex and money scandal. He and his wife had not appeared on a television pulpit since January 1987.

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